

Fight Poverty – Organize!

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Editorial

The late and great American trade union leader, A. Philip Randolph, who was President of the Brotherhood of Sleeping Car Porters and a Vice President of the American Federation of Labor and, later, of the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO), once said, “There are no reserved seats at the banquet table of life. You get what you can take and you keep what you can hold.” He organized and led a trade union of “servants” who suffered exploitation as workers and discrimination as black Americans. He was a powerful person, but, at the same time, a man of quiet determination and of great dignity. His life’s work was to transmit that dignity to thousands of workers, to help them discover that they were human beings worthy of respect and to insist that they must gain just rewards for their labour rather than depending on “the kindness of strangers”.

This concept of trade unionism as a force for workers to liberate themselves is the reason that the central message of the International Workers’ Symposium on “The role of trade unions in the global economy and the fight against poverty” organized by the ILO Bureau for Workers’ Activities (ACTRAV) in Geneva from 17 to 21 October 2005 was “Fight Poverty – Organize!”. It is also the title of this issue of *Labour Education*.

For many, “power” is a vile word. But those who have experienced powerlessness recognize that it is a far more debilitating state. The dignity and respect that came together so well in the person of A. Philip Randolph had an impact because it went beyond him. It had a collective dimension and expression. It was the power of the group that set free the individual. It was that power that enabled individuals to look the boss straight in the eyes rather than bowing their heads. It allowed working people, individually and collectively, to be proud of being workers and trade unionists. So, this is the first meaning of “Fight Poverty – Organize!”.

More important than its role as part of industry or as part of civil society, the mission of trade unions is to be the instrument of working people to liberate themselves and transform their societies. It is not a question of what trade unions do for workers or to fight poverty. It is rather how workers use trade unions as their representative voice to demand their rights, improve their conditions, and express their views.

In that way, in developed and developing countries alike, countless workers have emerged from poverty. And they have left the margins of society not only because they have had the power to demand just compensation and conditions for their work, but also because they have won the recognition of their basic dignity as human beings.

The most revolutionary and essential message of the ILO remains the idea of industrial democracy through the exercise of freedom of association and the rights to organize and bargain collectively. It is not paternalistic employers, even with the most sophisticated “transmission

belt” human resources policies and techniques, who will protect workers. Nor is it advocacy groups, often with the largesse of governments, no matter how well intentioned they may be, that will represent workers. It is only workers themselves who can define and defend their interests. It is not empowerment granted from above, but rather power from below that distinguishes trade union organization and mobilization from other approaches and actors.

There are, of course, examples of poor people becoming rich through entrepreneurship, but most rich people started life in already privileged positions. They simply went from being rich to becoming richer. As Henry David Thoreau wrote in *Walden* in the nineteenth century, “the mass of men lead lives of quiet desperation”. Desperation and isolation is still the stark truth of the lives of most individuals on this planet. The idea that masses of poor people will ever go from rags to riches or even to a decent standard of living without solidarity, at least among themselves, is drawn from faith rather than experience. In fact, pulling themselves up is what workers do, collectively, when they form trade unions.

The power of workers and their trade unions does not come from above or from outside of our ranks. It comes from members and ideas. It is, in fact, a combination of the force of our argument and the argument of our force.

It is in this context that we need to look at gender issues, not only as the right thing to do or as some sort of add-on to other activities and commitments, but as a compelling and essential contribution to advancing our trade union force and mission.

One of the main and cruellest forms of exclusion is poverty. There are many groups in society that are excluded. However, the largest such group is women. What that means is that trade unions are an essential means for women to achieve equality and justice. It also means that women workers are essential to building a stronger trade union movement that can better serve and respond to all workers. This applies to women’s membership and participation in as well as leadership of the trade union movement.

A dramatic increase of involvement of women in trade unions, if it is to happen in practice, needs to be seen not as an obligation reluctantly assumed, a “good deed” or an abstract notion. Rather, it must be recognized as a pragmatic and effective opportunity to both strengthen and improve the trade union movement.

Yet another meaning of “Fight Poverty – Organize!” is social dialogue. Beyond the process of collective bargaining that always combines common interests and the resolution of conflict, social dialogue on company, industry and policy issues at national level can be a powerful force for progress in any society where free workers’ and employers’ organizations are allowed to exist.

The fight against poverty is a logical area where bipartism and social dialogue can and do contribute to the elimination of poverty. Organized workers and employers, even if they are weak in certain nations, are normally the most representative organizations and the only voice for workers and employers. They are not self-appointed or anointed. In free societies, their representatives are determined through democratic processes.

Large numbers of workers have no direct representation, no rights and no social protection. They are, in fact, living in fear and engaging in

survival activities with little time or opportunity for much else. So, the representation and advocacy role of trade unions extends to workers who are not or are not yet their members. It also applies to the unemployed or the underemployed. As a matter of fact, many of the priority struggles of trade unions are for measures such as extension of social security and setting of fair minimum wages that, in most cases, will not even benefit their members.

Wealth and precariousness seem to be growing at the same time. And there are no magic or simple solutions to the problems of so many workers who exist on the margins of society. What is clear, however, is that their problems must be identified and defined in such a manner that they can be addressed.

It may be that their employment relationship is not recognized in law or practice. It may be the lack of health care or other social protections. It may be the absence of education and training opportunities. It may be the inability to effectively exercise rights. It may be the difficulty of engaging in productive and economically or socially viable employment. Or it may be a combination of some or all of these elements. The point is that specific and workable solutions must be found.

There is no imaginable solution to the interrelated problems of workers without protection and rights without governance. Appropriate regulations, in and of themselves, mean little in the absence of the will or capacity to implement them. The explosion of the so-called informal economy is no longer excused by many as an expression of the entrepreneurial spirit. Rather, it is seen as a sign of the meltdown of whole societies.

The social partners can never replace the essential role of governments in the area of providing rules and frameworks for basic decency. However, they can contribute their independent judgement and apply their practical, rather than abstract, experience to the search for tripartite solutions to social problems.

So what does “Fight Poverty – Organize!” mean? First and foremost, it means trade unions that become an even more effective and well-honed tool for workers to escape poverty, fear, exploitation and the violation of their basic human dignity. It means being a force to replace misery and despair with progress and hope.

Second, it means organizing, collective bargaining and other forms of creative social dialogue and engagement.

Third, it means organizing effective trade union participation in the design and implementation of public policy based on the priorities of their members and the body of social policy enshrined in ILO Conventions. It also means engaging in the struggle for democratic governance, employment and quality public services to the unemployed, underemployed, and working poor if they are to lift themselves out of poverty.

The ILO is tripartite, but its mandate is not neutral. It seeks, without apology, to protect the rights of workers and to help them improve their conditions. That is why, in fact, it is essential that the actors in the workplace – governments, workers through their trade unions, and employer organizations – are at the core of everything that we do.

As can be seen from the summary of discussions and conclusions included as an appendix in this issue of *Labour Education*, the ACTRAV symposium provided for a rich exchange of ideas. It showed, as participants stressed, that winning the fight against poverty would not come

from proclamations. It will not come from declarations of good intentions. It will not come from generating feelings of guilt to help generate charity, but from the struggle for social justice. It will not come from sustaining the misery of those who toil, but from the creation of good jobs. It will come from organizing, in the broadest meaning of the term. It will come from solidarity.

And, together, this is our common task. A spark of solidarity exists in everybody. The trade union mission is to fan that spark into a flame in order to construct a more powerful movement – so powerful that it becomes the lever that moves the world.

Jim Baker
Director
ILO Bureau for Workers' Activities

Rich in poverty – the African challenge

Of the world's 20 countries with the lowest purchasing power per head, 16 are in Africa. How can organized labour tackle this daunting challenge?

“Every so often, hundreds of them storm the fences, equipped only with makeshift ladders hewn from the branches of trees, and with cloths tied around their hands – to ease the pain of razor wire slicing through flesh.”¹

In October 2005, media reports from the Spanish enclaves of Melilla and Ceuta shocked the world. These are the European Union's only land borders with Africa. Thousands of Africans are risking their lives to reach them and cross them. Why? The answer is simple: poverty.

“Africa is a continent rich in poverty,” says ironically a new ACTRAV report.² “Average income per capita is lower than at the end of the 1960s. About 49 per cent of Africa's population (some 323 million people) live below the region-wide poverty line.” And it is getting worse. An extra 2 per cent of Africans, some 81 million people, descended into poverty during the 1990s. Meanwhile, HIV/AIDS and climate change are pushing Africa into even deeper misery.³

Poverty is unevenly distributed across the continent. It is at its lowest in Algeria, with 15 per cent of the population living on less than US\$74 per person per month. At the other end of the scale, 70 per cent of Guinea Bissau's people are below the local poverty line of US\$26 per person per month.

In sub-Saharan Africa as a whole, 47-52 per cent of the population are estimated to be living beneath the poverty threshold. Extreme poverty affects 43 per cent of the people in its urban areas and 59 per cent in the countryside. “Averaging between 67 per cent and 70 per cent, school enrolment in sub-Saharan Africa is among the world's lowest. The same goes for the glaring inadequacy of health services in many

countries of sub-Saharan Africa, which are seriously out of step with demand.”

In short, “Africa has entered the twenty-first century as the world's poorest, most indebted and marginalized region, and the one lagging furthest behind in new technologies.”

This continent is often seen as globalization's biggest failure. “Unlike any other region in the world, African economies have experienced little structural transformation to warrant any significant dent in the poverty quagmire. One of the major manifestations of this problem is limited export diversification. Most countries in Africa remain highly dependent on primary production and export.” In fact, “reliance on one or two low-value agricultural export commodities has left African economies extremely vulnerable to volatility in commodity prices”.

And yet there is hope. “Despite the daunting statistics, the African people and the international community believe that the poverty challenge is not insurmountable. The *Economic Report on Africa 2004* published by the UN Economic Commission for Africa finds that in 2003 Africa recovered from the economic downturn of the previous year with real GDP growth of 3.8 per cent, compared to 3.2 per cent in 2002. This encouraging increase reflects Africa's progress in a number of critical areas: the continent has continued to exhibit good macroeconomic fundamentals; fiscal deficits have been kept under control; inflation has largely stabilized; and the region's current account deficit fell.”

Nonetheless, “faster overall growth is needed if Africa is to make progress toward achieving the Millennium Development Goal of halving poverty by 2015. In 2003 only five countries – Angola, Burkina

Faso, Chad, Equatorial Guinea and Mozambique — achieved the necessary 7 per cent growth to make this possible”.

Union action

Clearly, those who set out to tackle poverty in Africa have a daunting task ahead of them. Yet many organizations do, and the continent's trade unions are in the forefront of the action. They have to face not only poverty itself, but also prejudices about their role in fighting it. According to one of the ACTRAV surveys, African unions “condemn the very widespread idea that the fight against poverty is the prerogative of politicians, governments and NGOs”. Which implies that trade unions in Africa also have to fight poverty at the policy level. Many of them do precisely that, and sometimes draw on international expertise in the process. So we will first look at unions' policy approach to an issue that is highly political. Then we will describe some practical union projects to roll back poverty on the ground.

Influencing policy

The African trade union movement “strongly believes that the best approach to the eradication of poverty is through social dialogue”, notes one of the ACTRAV reports. “Trade unions see the lasting solution to addressing poverty in reviving the productive sectors of the economy and creating jobs. The starting point is to come up with a framework for labour market policy that will fit in the overall macroeconomic policy framework.”

These days, of course, much of that framework is global, and unions have to respond globally. “African trade union leaders, together with their counterparts in the industrialized countries, have consistently argued that more vigorous concerted action by governments is required to promote recovery and to reform the international economic and social system to reduce the risks of future recessions. Trade union del-

egations have brought to the attention of the international financial institutions that there is a need to build a much stronger social dimension into the process of international market integration...”

National ownership of poverty reduction strategies

Much criticized for their harsh impact on developing countries, the structural adjustment policies imposed by the International Monetary Fund and the World Bank were replaced in 1999 by Poverty Reduction Strategy Papers (PRSPs). Ever since the introduction of structural adjustment in the early 1980s, national trade union centres in Africa had been calling for the institutionalization of high-level stakeholder structures in which major economic and social policy issues could be articulated. The austerity imposed by structural adjustment had hit African unions and their members very hard. The cost of living increased and social infrastructure deteriorated, while privatization and retrenchments reduced union membership.

So Africa's unions, and the international trade union movement as a whole, welcomed the September 1999 commitment by the IMF and the World Bank that all their concessional lending would henceforth be based on poverty reduction strategies “owned” by the countries concerned. This implied, among other things, that IMF and World Bank policies would have to move away from focusing exclusively on economic growth. They would also have to tackle distribution and access to resources and services in order to raise the living standards of the poorest members of society. Unions were particularly pleased by the invitation to the labour movement and other civil society organizations to work with governments in preparing and implementing the PRSPs.

But how have things turned out in practice? In English-speaking Africa, one of the ACTRAV surveys looks at the cases of Ghana and Zambia.

The Ghana Trades Union Congress (TUC) “has traditionally been active in the social and economic policy reforms” and was a “strong partner” in the formulation of Ghana’s PRSP. The unions emphasized “labour standards, equity, tax policies, and new investment involving the poor, food crop growers, and women”. In fact, Ghana’s is “probably one of the few PRSPs in Africa that explicitly identify a role for trade unions”. It defines that participation in the following terms: “Assessment of the role of organized labour; assessment of the effects on employment levels; concerns on incomes.”

In Zambia, on the other hand, unions “felt that governance issues during the implementation of PRSP programmes remained poor, thus also undermining democracy”. The views of the unions and other stakeholders “had to be consonant with the Government position” if they were to find their way into the final policy documents. “It was further observed that the poor were not consulted in the PRSP process, as reflected in the absence of pro-poor measures.” The Zambian trade unions are now networking with civil society organizations to ensure effective people’s participation in the PRSP process. The network has come up with its own PRSP as an alternative to the one produced by the Government. This is a technique increasingly favoured by African trade unions frustrated with the “consultation” process.

In French-speaking Africa, too, unions’ experiences of PRSPs have been very mixed. “The insistence of the ILO and the contributions of its structures have, to a great extent, assisted in getting union concerns taken into consideration in some countries” – for example, Côte d’Ivoire. But in others, “trade union participation in the PRSP process is purely symbolic. The governments of these countries, in order to comply with the rule about involving the social partners, invite them to the working sessions for drawing up the PRSP but are not very interested in either the content or the quality of their contribution – if, indeed, there is one, which is unfortunately not always the case”.⁴

Meanwhile, government–union agreements in some African countries are still clearly subject to approval by donor institutions. For recent evidence from Niger, see our box “A not-so-helping hand”.

Bargaining against poverty – and for productivity?

On poverty, as on other issues, unions can try to influence government policy, but that cannot be their only or even their main focus. Collective bargaining remains crucial. Unions’ membership includes “the working poor in Africa”. And due to the extended family system, a formal sector wage – even a poor one – may help to sustain several households. So “collective bargaining for productivity-related wage increases is the most direct contribution of trade unions to poverty reduction”.

But bargaining has to keep up with the times. “Trade unions in the eastern and southern African sub-region have instituted deliberate attempts to come up with home-grown solutions to the challenges of globalization on the collective bargaining processes. To a large extent trade union actions have been in the form of educating all workers in general, and trade union members in particular, on new and emerging challenges brought about by globalization on the collective bargaining processes.”

In addition to wage bargaining, “better housing, health and safety conditions, education for the children, and income distribution – the very factors used in assessing the levels of poverty in a given population – have been attributed to the collective efforts of unions”.

In most of French-speaking Africa, “several elements in unions’ bargaining packages refer to:

- payment of wage arrears
- wage increases
- revaluation of the minimum wage
- increased family allowances
- upgraded pensions
- reduced taxation

A not-so-helping hand: Niger and the IMF

"The agreements with the International Monetary Fund have been a failure. In 2005, people still don't have enough to eat."

Quietly, but with a hint of bitterness, Sako Mamadou tells his tale. As President of the Niger Confederation of Labour (CNT), he has seen at first hand the dire effects of economic policies imposed from outside upon one of the world's poorest countries. And he has fresh proof that, for all the rhetoric, Niger's relationship with the international financial institutions is still the same. Each change of economic course, however small and however necessary, still requires a nod from across the ocean. He knows, because he has just been asked to plead the Niger Government's case.

"Since 2001, when the poverty reduction strategy was launched in Niger, we have not noticed any improvement in people's living conditions," Mamadou insists. "Worse still, following an agreement with the IMF, the State pulled out of retail goods, the textile industry and food and agriculture. The State also gave up a big part of the capital in strategic sectors – telecommunications, water, electricity – and it will soon be doing the same for hydrocarbons." The impact on the country's scarce wage-paying jobs has been devastating. "In all these sectors, we have lost thousands of jobs. And in Niger, at least ten people are dependent on every wage-earner."

It was the IMF that told the Government not to recruit any more public sector workers, Mamadou insists, and this has also led to a waste of development aid. "Schools are being set up without any teachers. Hospitals are being set up without any nurses. The Government admits that, as far as recruitment is concerned, there is a blockage with the IMF. So the Government is asking us, the trade unions, to present a plea to the IMF, so that the State can recruit!"

For many people in Niger, the last straw came in March 2005, when "the IMF obliged the Government to put VAT (value-added tax) on basic necessities – flour, sugar and milk". The rate imposed on these basic foodstuffs was 19 per cent, in a country where most people already live on the edge of hunger, and many starve.

So, allying themselves with consumers, traders and other parts of civil society, the unions shut everything down for a day: shops, transport, industries, the airport. Nothing opened, nothing moved. They called it "ville morte" – dead town. And it worked. At first, the union leaders were arrested and jailed, but the Government soon opted for dialogue instead. It agreed to get rid of the VAT on basics. But not before going through one little formality: "The Government was obliged to get in touch with the IMF, in order to bring in a corrective finance law."

Nonetheless, the dialogue between the unions and the Government continued, and on 16 September 2005, they signed a protocol of agreement. Among other things, it provides for a 10 per cent wage increase – the first raise in 25 years. The current minimum wage is about US\$30 a month, Mamadou says. That is the price of a sack of rice. One sack lasts between two and four weeks, depending on the size of the household. And Niger's households tend to be big.

Clause 2 of the protocol heralds the scrapping of a statute that abolished public workers' right to take early retirement after 30 years. The unions are glad to see the back of that statute, which would have further reduced young people's already slim chances of ever finding a decent job. But the clause is curiously worded:

- "the Government declares itself in agreement with the principle of abrogating the statute;
- to this end, a plea in which the representatives of the trade union centres will take part will be presented to the development partners."

So once again, the Government is saying "All right – if you can convince the international financial institutions."

Mamadou draws the obvious conclusion: "We ask the IMF, before signing a new agreement with the Government, to come and see us, so that we can tell them what the people think."

He also believes there is a lesson in this for developing countries everywhere: "If you're not independent economically, you're not independent politically. We've learnt that the hard way."

- the establishment of a support mechanism for the creation of new jobs for young people and women".

But is this just special pleading by a wage-earning elite?

In countries where the formal, waged economy includes only a minority of the workers, can collective bargaining really push back poverty? Yes, it can, one of the ACTRAV papers says: "On closer examination – given that an African wage-earner

supports, on average, about ten people – the achievement of wage claims and similar demands would directly or indirectly benefit a considerable part of the population, and thus even the worst-off.”

Of course, collective bargaining is never easy in Africa. In a continent with low rates of formal employment and little new investment, unions’ room for manoeuvre is often limited. So they often tackle poverty at the consumer end of the equation, by organizing protests against price increases on basic necessities. Here too, “the outcomes of such action profit all members of society” (see our box “A not-so-helping hand”).

Another recent approach, although not without its critics, is for African unions to play an active role in boosting the continent’s productivity.

“In French-speaking Africa, some labour unions have, in recent years, set out to redefine the orientation of their action – precisely, they say, in order to prove that they do not just make demands, but that they are also builders who can become a credible counter power. And so here and there, coming out of congresses, one hears of new trade union policy orientations – ‘development trade unionism’, ‘responsible trade unionism’, etc. These aim to strengthen workers’ purchasing power by improving productivity within firms, as well as worker enterprise and the social, solidarity-based economy.”

All well and good – if the fruits of increased productivity really are distributed widely enough to reach the poor. But that is rarely the case. “Quite a few trade union structures firmly believe in the important role that they can and must play in improving productivity within enterprises, in order to ensure a better distribution of productivity gains. The will to do so certainly exists, but very few results have been recorded in terms of improving the quality of life, working conditions and well-being of workers and their families, as well as of consumers in general, in consequence of action undertaken by trade unions on their own or together with the employers to improve the productivity of enterprises. Trade

union action for a productivity growth that can lead to employment growth must be initiated and supported.”

Generating income: The “social economy”

Many experiences have shown that “trade unions’ non-bargaining activities, generally known as the ‘social economy’, are better suited than either the State or the market to reducing social exclusion and poverty in a progressive and sustainable way. To fight against unemployment and exclusion and mitigate the continual degradation of public sectors that are unable to meet the ever-growing demands made of them, workers – both those in the informal economy who have precarious incomes or no income and those in the formal economy who are living on poverty wages – must get organized and set up networks to meet their basic need for decent accommodation, food, health care, education, transport, etc.”

Some of these efforts are already well advanced. “Under ILO aegis, through technical cooperation projects, trade unions have acted to create credit and savings cooperatives and mutual health insurance funds for workers in the formal and the informal economy.”

In French-speaking Africa, for instance, “functional cooperative and mutual structures established through trade union action can be found in Burkina Faso, Niger and Senegal. Similar initiatives are under way in Benin”.

There is also an important link between socio-economic projects and drives to organize workers in Africa’s vast informal sector. “Alongside these cooperative and mutual structures, the unions in Burkina Faso and Niger, grouped around an ILO cooperation project supported by the Danish and Norwegian trade unions, have organized several categories of informal sector workers in their countries into national trade unions, which are now recognized and operational. Generally, the people who are trade union activists

within the informal sector are the same ones who are members of cooperative and mutual structures.”

And the development of these informal sector labour unions will serve to strengthen trade union action as a whole in their countries. “They will become a real launch pad and source of potential for formal sector trade unions, and various types of relationships will be woven between the two types of union, the better to influence their countries’ development policies. And it is precisely through their strength and weight on the national playing field that the trade unions manage to secure their demands, which also make a very substantial contribution, directly or indirectly, to the fight against poverty.”

An innovative strategy by Zambia’s trade unions, for example, is the creation of the Centre for Informal Sector Employment Promotion (CISEP). Today, nine CISEP branches operate in Lusaka and the Copper-belt provinces, and there are plans to open more in other parts of the country. They provide informal sector associations with business information, needs assessment, short-term technical and management courses, business counselling and organizational support. The main beneficiaries are retrenched workers and retirees. The CISEP was set up by the Zambia Congress of Trade Unions (ZCTU) in cooperation with the country’s Technical, Education, Vocational and Entrepreneurship Authority (TEVETA). Support comes from German Technical Assistance to Zambia (GTZ) and the Friedrich Ebert Stiftung (FES).

Income-generating activities can also tie in with other forms of organizing. In Namibia, for instance, about a third of domestic workers are already unionized and the Namibian Domestic Allied Workers’ Union (NDAWU) is continuing to recruit. It helps its members to negotiate with their employers and provides trade union education. But more recently, it has also established a catering service as an income-generating activity for domestic workers who lost their jobs. The union has received support from the Finnish SASK and Oxfam.

For two other examples of union-led “social economy” projects that are helping to tackle poverty, see our boxes on Rwanda’s Union des Caisses des Travailleurs and Ghana’s Labour Enterprises Trust.

Human development campaigns

Trade unions in Africa “are proactively involved in a number of human development campaigns: raising awareness and monitoring child labour; promoting gender equity; providing education and training for members; improving national government accountability and fighting corruption; protesting arms proliferation and aiding in conflict resolution; and educating members about HIV/AIDS”. Unions are also “instrumental in pres-

Rwanda: Saving with the union

Defending the Rwandan workers’ socio-economic interests is the aim of the savings and credit cooperative “Union des Caisses des Travailleurs” (UCT).

Set up in 1993 by the Workers’ Union Centre of Rwanda (CESTRAR), the cooperative works to:

- promote savings
- facilitate access to credit under less coercive, more flexible conditions
- strengthen the autonomous management of worker savings funds within enterprises and train and assist their members
- encourage entrepreneurship by assessing projects and their financing
- reduce unemployment by creating income-generating jobs and strengthening worker solidarity.

Some 110,000 workers are now members of the UCT. It reaches out to the informal sector, where many of the workers are survivors of the genocide. UCT loans are available for equipment, rehabilitation and re-installation.

CESTRAR has also set up pharmacies in five provinces. These give workers access to cut-price medication in a country where there is no general health insurance system.

Workers as employers: Ghana's LET

In February 1997, Ghana's Trade Union Congress (TUC) registered the Labour Enterprises Trust Company Limited (LET). Its mission was to "create jobs and quality employment through the development and maintenance of sustainable, productive and profitable enterprises of all sizes operating in all sectors". Ninety-nine thousand trade union members signed up as shareholders. This was much fewer than initially hoped, and the seed capital raised was 5.7 billion cedi, representing only 20 per cent of the estimated capitalization needed.

But the TUC pressed ahead with the project, and the 99,000 workers who signed up for the company are the shareholders and the ultimate financial beneficiaries of returns on its investments. LET has a nine-member board of directors who govern the company. Five of these, including the chairman, are representatives of TUC, and the other four are from the private sector and the academic community.

The Secretariat of LET was set up in August/September 1999, and since then it has engaged in a number of long-term investment activities:

- Unique Insurance Company Limited. This is a composite insurance company licensed to underwrite insurance business in Ghana. The main promoter is LET, which contributed €2.1 billion of the share capital of €2.40 billion and thus holds 86 per cent of the shares. The other major shareholder is the TUC, which contributed a 10 per cent share. In August 2002, the Teachers' Fund took up 10 per cent of the shares from the LET holding.
- City Car Parks Limited. LET holds 20 per cent of the shares in this multipurpose car park situated in the Central Business Area of Accra. The park has capacity for 545 cars and was constructed at the cost of US\$5 million. LET paid €1.78 billion for its shares in the company.
- Water Tanker Service. This venture is LET's corporate contribution to the welfare of workers. While the service is commercially oriented, it makes a conscious effort to keep its margins to minimum levels. The four tankers distribute an average of 30,000 gallons of water a day to deprived satellite communities. Water is delivered at prices lower than those charged by the private operators. LET invested €552.3 million in this project.
- Radio Taxi Service. LET has successfully reintroduced metered cabs into the country. Currently, the service operates 17 cabs and two minibuses from the Kotoka International Airport. It was introduced to enhance ground transportation at the airport and give travellers reasonable comfort and security. LET invested €781 million in this model project.
- Workers' Property Ownership Scheme. This scheme was introduced in June 2004 to enable workers to purchase durable household items and pay for them over a one-month period. The initial capital in the venture was €150 million.

Since 1999, LET has created 186 jobs:

Head Office	6 full-time
Unique Insurance Company	40 full-time, 50 part-time agents
City Car Parks	55 full-time
Water Tanker Service	10 full-time
Radio Taxi Service	25 full-time

asuring their governments to adopt employment-intensive economic policies and adequate social protection schemes". Through strengthening union structures, capacity building, education and policy formulation, unions "call on their members to be involved in national development programmes". African unions "have been calling for the institutionalization of high-level national stakeholder structures in which major economic and social policy

issues are articulated. In such organs, trade union views, along with those of other stakeholders, are arrived at through consensus and dialogue. Such structures could be instrumental in checking the excesses of corruption, allocation of tenders and nepotism".

Bargaining against child labour: Ugandan unions show how

Child labour is both a cause and a result of poverty. So in Uganda, the National Organization of Trade Unions (NOTU) decided to make the fight against child labour a focus of its anti-poverty drive. In doing so, it took advantage of the workers' education activities coordinated by the ILO Bureau for Workers' Activities (ACTRAV) through its project Developing National and International Trade Union Strategies to Combat Child Labour. The presence of the ILO's International Programme for the Elimination of Child Labour in Uganda was another big advantage. Together with its 17 affiliated unions, NOTU has "created a high level of enthusiasm and interest on the part of the workers to learn more and also share experiences".

Trade union action against child labour centres on "fact-finding, awareness creation and campaigning against child labour, collective bargaining, and the use of international labour standards".

The first step is "exposing child exploitation and abuse" to the union membership and the larger community. With ILO support, NOTU has "undertaken various rapid assessment surveys so as to act as a one-stop information file for major issues relating to child labour and workers in Uganda".

Not surprisingly, collective bargaining is one of the unions' main weapons against child labour. "Depending on the nature of the employment situation and the level at which collective bargaining takes place, issues to be put in the agreement are to reflect the ILO Conventions and national legislation on minimum age." For instance, the agreement between Uganda's Kakira Sugar Works and the National Union of Plantation and Agricultural Workers (NUPAW) stipulates: "No person under the age of 18 shall be employed by the company and employees shall not be allowed to bring their children who are under the same age to the estate to work their tasks."

Collective bargaining agreements can extend beyond the direct elimination of child labour to deal with such issues as support for education and vocational training. The agreement between the Uganda Tea Association and the National Union of Plantation and Agricultural Workers (NUPAW) provides that "employers shall endeavour to provide facilities for Primary Education on the Tea Estate to cater for employees' children's education".

Fighting child labour means fighting poverty

Africa has the world's highest percentage of children who are "forced by circumstances to participate in economic activities". Child labour is a result of poverty, but also one of its causes. "The participation of children in economic activities aggravates poverty by degrading the stock of human capital necessary for economic development as it simultaneously increases unemployment and underemployment of adults. Unions are aware that child labour is exploitative, detrimental, hazardous and abusive, thus affecting the children's overall physical, mental, spiritual, moral and social development. It is discriminatory and inconsistent with democracy, human rights and social justice as it adds to the burden and disadvantage of individuals and groups already among the socially excluded, while benefiting those who are privileged. In Africa's case, fighting child labour is a major contributor to fighting poverty." For an example from Uganda, see our box "Bargaining against child labour".

HIV/AIDS

Sub-Saharan Africa is "home to 29.4 million people living with HIV/AIDS. Approximately 3.5 million new infections occurred in 2002, while the epidemic claimed the lives of an estimated 2.4 million. In this same region ten million young people (aged 15-24 years) and almost 3 million children under the age of 15 were living with HIV. Rampant epidemics are under way in southern Africa where, in four countries, the national adult HIV prevalence has risen higher than was thought possible, in excess of 30 per cent".

The worst affected age group is 15-49 year-olds – in other words, the active working population. Small wonder that action against this pandemic has become another major focus of the African unions' fight against poverty. "Through proactive measures and initiatives to deal with the HIV and AIDS pandemic, trade unions in

Being BIG about it – a basic income for all South Africans?

Could a guaranteed minimum income really help to banish poverty? South Africa's Basic Income Grant Coalition thinks so. The group includes the Congress of South African Trade Unions (COSATU).

In 2002, a government-appointed inquiry into the South African social security system called for a range of measures, including a universal Basic Income Grant (BIG) which should:

- be set initially at no less than R100 per month (about US\$15.34 or € 12.77 in mid-October 2005)
- be paid to every person legally resident in South Africa, regardless of age or income
- supplement existing grants to households so that no one would receive less social assistance than before
- be financed primarily through the tax system.

This proposal came against the background of continuing real poverty in post-apartheid South Africa. At the end of 2003, the Basic Income Grant Coalition held a meeting of the BIG Financing Reference Group. Its main paper noted that "roughly half of our population – including two-thirds of all children – continues to live in poverty, despite a significant expansion of social service delivery".¹ The country's present social security system had "shown the effectiveness of income transfers in combating poverty", but "the social safety net inherited from the apartheid era was modelled on the 'welfarist' programmes developed for industrialized countries, which assume close to full employment and are designed to address special contingencies and fluctuations in the economic cycle". Poverty at the levels experienced by South Africa could also have knock-on effects: "By threatening long-term social stability, extreme poverty and inequality also discourage investment and inhibit economic growth. Failure to reverse the trend of deepening poverty could trigger a downward spiral of economic decline and social conflict."

Although a growing alliance of civil society organizations had endorsed the BIG proposal as part of a comprehensive social protection package, the conference noted that "government has yet to adopt an official position on it". Concerns had focused on "the potential developmental impact of the grant and the State's capacity to deliver a universal grant".

Affordability was obviously a major issue. To address it, the coalition brought together four prominent South African economists who had previously conducted research on the feasibility of a BIG and "had proposed raising the necessary funds from different sources, including personal income tax, value-added tax (VAT), company tax and excise taxes". Reviewing their own and each other's work, the economists set out to reach a broad consensus on the financing of a BIG.

They unanimously concluded that it was within South Africa's means, and that it would stimulate new growth: "The net cost of the Basic Income Grant represents between 2 and 3 per cent of South Africa's national income. Cross-country tax analysis documents that South Africa can afford to raise taxes by at least 5 per cent of national income. South Africa's tax structure has the potential to finance the entire cost of the programme without recourse to deficit spending. The long-term growth implications of the developmental impact further support macroeconomic stability and fiscal affordability. The Basic Income Grant is clearly affordable."

¹ "Breaking the poverty trap": Financing a Basic Income Grant in South Africa, BIG Financing Reference Group, March 2004.

Africa have facilitated access to affordable medicines by the poor. Trade unions have targeted education and sensitization programmes for working women and men. They have also campaigned for African countries to override the patent rights in order to provide affordable generic HIV/AIDS drugs."

In Burundi, for instance, workers and their unions have set up a number of workplace-based solidarity funds to

support HIV-positive fellow-workers and AIDS sufferers and to promote prevention. Activities include HIV/AIDS awareness training for all employees; voluntary, anonymous testing; promotion and provision of condoms; counselling; anti-retroviral treatment; discussion groups; meetings to exchange experiences and give mutual psychological support; and the design of income generation and financial support projects for sufferers.

Poverty and gender

In Africa, as everywhere else, a disproportionately high number of women are poor. There are various reasons for this. In some societies, women are excluded from many forms of waged employment. Elsewhere, they tend to be concentrated in the lowest-paid jobs, or to be paid less than men for the same jobs or for work of equal value. Consequently, many women and their families are dependent on a male breadwinner. If, for any reason, that source of income disappears, rapid impoverishment may result. Due to the extended family structure, and to polygamy in some countries, several households may be affected. Women may also have unequal access to social security and health care, where these exist at all.

The informal sector has a particularly high proportion of women workers, notably home workers. Here too, they tend to be concentrated in the lowest-paid jobs. "Unprotected workers in the informal economy, the majority of whom are women and children obliged to perform precarious tasks, constantly vegetate in poverty and misery, and their future does not look bright."

In English-speaking Africa, "women have had their statuses enhanced as a result of membership of unions". Unions have sought to involve women at all levels of their organization. "Education programmes and activities that ensure women's participation in national development have been part and parcel of the trade union movement. Unions have been known to fight for the rights of women at all levels in society."

Similarly, in French-speaking Africa, "a large number of women" are involved in the unions' income generation projects for workers in both the formal and the informal sectors. "Concrete results have

been noted in Benin, Burkina Faso, Mali, Niger and Senegal. This trade union action has been supported by the ILO in certain countries. The convincing results achieved in the countries mentioned should stimulate the continuance and development of such initiatives, which radically improve household incomes and help certain categories of citizen to extricate themselves from extreme poverty."

Notes

¹ Chris Morris, BBC News, 8 October 2005.

² The present article draws mainly on two documents: *Trade union actions against poverty and social exclusion in Africa*, by Mohammed Mwamadzingo, Regional Specialist on Workers' Education, ILO, Pretoria (draft text, September 2005) and a draft report by Ibrahim Mayaki, Regional Specialist on Workers' Education, concentrating on union action against poverty in French-speaking Africa. Both papers were prepared for the ACTRAV symposium held in October 2005. The quotations and figures are taken from both reports.

³ In July 2005, at their Gleneagles summit, G8 Heads of State agreed to boost their assistance to Africa. But three months later, a leading scientist warned that "as long as greenhouse gas concentrations continue to rise, there is the very real prospect that the increase in aid agreed at Gleneagles will be entirely consumed by the mounting cost of dealing with the added burden of adverse effects of climate change in Africa". In an open letter to G8 energy and environment ministers, Lord May, President of the Royal Society, cited 17 recent international studies of the impact of climate change on crops. "The papers point out that poverty is the principal cause of increasing food insecurity in Africa, along with frequent and extreme weather and climate variability. Africa is now in a critical situation with respect to drought because of population increase, disease and conflicts. Overall, Africa has very little resilience to cope with a widespread drought now, let alone in the next 50 to 100 years." The Royal Society's worldwide membership of eminent scientists includes 42 Nobel Prize winners. Lord May's letter is online at www.royalsoc.ac.uk/page.asp?id=3834

⁴ The role of trade unions worldwide in poverty reduction strategies and the very mixed results achieved so far, were analysed in detail in *Labour Education*, 2004/1-2, No. 134/135.

Fighting exclusion in Latin America and the Caribbean

Cooperatives, skills training, new organizing in the informal sector, outreach to child workers, recuperation of bankrupt factories, alliances with other social movements – unions in Latin America and the Caribbean have many ways of tackling poverty, a new ILO-commissioned report shows.

Poverty may have decreased in Latin America and the Caribbean over the past decades, but it still affects more than 40 per cent of the population. A new report commissioned by the ILO shows that unions in the region are taking the issue very seriously.¹ It goes on to cite some “good practice” examples of trade union action against poverty.

The study is based on a “virtual survey”, information from the websites of the region’s unions and international support organizations, and interviews with union leaders taking part in the April 2005 Congress of ORIT, the ICFTU’s Interamerican Regional Organization of Workers.

As the report itself points out, this combination of sources may have led to a slight overemphasis on the role played by international cooperation in anti-poverty projects by the region’s unions. However, the importance of such global solidarity is “undoubtedly high”.

Poverty levels

In 2004, some 222 million people in Latin America and the Caribbean were living in poverty, according to Inter-American Development Bank statistics cited in the report. That is 42.9 per cent of the total population – a slight rise over the 42.5 per cent affected in the year 2000. The region is unlikely to meet poverty reduction targets by 2015, the study says.

That is not to belittle the achievements of the past decades. Most but not all countries in the region have considerably re-

duced overall poverty. Between 1990 and 2002, it dropped by 9 per cent. Generally, it declined faster in the urban areas than in the rural ones.

But that figure hides some very big national differences, particularly in Latin America. Today, Costa Rica and Chile have poverty rates below 20 per cent of the population, while more than 60 per cent of people in Guatemala, Honduras, Nicaragua and Paraguay are poor. There are also two major exceptions to the downward trend in poverty. In Venezuela, it rose by 22 per cent between 1990 and 2002 – and in once-prosperous Argentina by almost 100 per cent!

On the relationship between poverty and work, the study backs “the most common hypothesis, which is that small-scale agrarian and urban producers, employees of micro-enterprises and domestic staff are at higher risk of poverty than are public employees, formal sector employees, professionals and technicians. In the most extreme cases, poverty rates among agricultural workers are 170 per cent higher than for public employees (51 per cent as against 19 per cent)”. But it also stresses that “formal wage-earners are not much different from other workers in terms of dependency. This indicates that labour flexibilization and deregulation have made advances in this sphere, in line with what ACTRAV calls ‘the informalization of the formal economy’”.

Organizing informal workers

Nonetheless, in this region as elsewhere, workers in the vast informal sector tend to be among the worst-off. So union organizing drives among informal workers can undoubtedly help in the fight against poverty. As the study points out, international trade union action within the region has placed considerable emphasis on such organizing since the 1980s. This has often involved working with movements that were not trade unions as such, although they cooperated with organized labour and, in some cases, actually served as springboards for the formation of national labour centres.

In many parts of the region, national trade union federations now have informal sector unions or associations in affiliation. The study details instances of this in 16 Latin American and Caribbean countries. The workers involved range from taxi drivers and street traders to seamstresses and artisans.

Female domestic workers are a particular case, as they are often among the poorest of the poor. Most of them are rural migrants. Usually, they are young and of indigenous or Afro-American background. The region has a special coordinating structure for trade union and non-trade union organizations representing these workers. Founded in 1988, it is called CONLATRAHO, the Latin American and Caribbean Confederation of Women Workers in the Home. Labels such as “domestic servants” were avoided from the start, as they were felt to have feudal connotations. And indeed, the women’s main demand is to be treated on an equal footing with other workers. Current legislation often ignores workers in the home. Consequently, they are subject to discrimination and exploitation. So CONLATRAHO’s main campaigning points are:

- Specific laws to be included in labour codes, with clauses providing for employment contracts, a minimum wage, an 8-hour day, 30 days’ annual holiday, and protection for pregnant workers (including maternity leave)

- An end to discrimination on the basis of race or age
- Complaints to the ILO – on the grounds of denial of freedom of association – against countries which refuse proper legal status to associations of these workers when the associations decide to turn themselves into trade unions
- Reporting of sexual abuse
- Building solidarity with women rural workers.

In short, CONLATRAHO wants these workers to gain full recognition, so that their employers are no longer masters of their lives and their identities. At the same time, it insists that national labour confederations should not leave domestic workers “at the back of the queue” for wage bargaining.

Broader union action

While not specifically aimed at combating poverty, various union activities in the region mainly benefit the poorest groups within society. Economic solidarity projects, outreach to the unemployed and campaigns for a minimum wage are typical of such action. The report cites three examples:

Brazil’s Sustainable Development Agency (ADS) was set up in 1999 by the CUT labour confederation, in cooperation with the Brazilian labour and rural development ministries. Support came from the German labour federation DGB, the Dutch churches’ ICO and Germany’s Rosa Luxemburg Foundation. The project aims to promote the establishment of self-managed enterprises and so to foster the generation of employment and income. This is to take place through the economic, social and political organization of the workers and their inclusion in a process of sustainable, solidarity-based development. The scheme has three aspects: setting up grouped cooperatives, providing solidarity-based credit facilities together with training and assessment of the enter-

prises, and promoting research, commercialization and technical development. So it is an example of the current underlying many projects in the region: the “solidarity economy”. As the report points out, this approach is rooted in “democratic, solidarity-based forms of organizing production, in which the workers collectively take decisions in line with their own characteristics. The solidarity economy is also capable of creating job opportunities and income through self-management”. To gain sustainability, autonomy and innovative capacity, these enterprises need to cooperate with each other, which is why “cooperative complexes have established themselves as local concentrations of solidarity-based economic enterprises with a sectoral affinity”. The ADS aims to promote these sectoral complexes. It also supported the establishment, in 2002, of a National Solidarity Credit System (ECOSOL), which opens credit lines for self-managed solidarity enterprises that contribute to local development. The system is made up of credit unions that operate on the same principles of self-management, economic and financial viability and solidarity. As there are both urban and rural credit unions, the system seeks to integrate these two groups of workers. ECOSOL currently has 26 credit unions in ten of Brazil’s states, with total funds of more than a million dollars. ADS also works to make local and national government policies more favourable to economic solidarity. And, together with Canada’s national trade union confederation in Quebec (Confédération des syndicats nationaux – CSN) and various non-union organizations in Quebec and Brazil, it has established a Solidarity Investment Programme.

Also in Brazil, the Worker Solidarity Centre combats unemployment by four main means: unemployment benefits entitlement, labour placement, courses leading to vocational qualifications and assistance to small enterprises that have no access to other programmes. Run by the Força Sindical union federation since 2001, the centre is based in Força’s headquarters, and has branches in various parts of the

country. A database matches workers registered with the centre to available jobs, while an Employment and Income Generation Programme helps workers who want to start their own businesses. Força provides training for them. By 2004, the centre had placed 150,000 people in jobs, secured benefits entitlements for 180,000 and given training to 375,000.

A minimum income for all Argentinians is the ambitious aim of a proposal developed by the Argentina Workers’ Centre (Central de los Trabajadores Argentinos – CTA). After rallying support for the measure, the CTA has got it to the stage of a parliamentary draft. Called the Employment and Training Insurance (SEF), it would ultimately guarantee that no household remained below the poverty line (currently US\$500 per year for an average household) and that every citizen had access to the best possible health care, education, and old-age, invalidity and death benefits. So social coverage would be independent of people’s labour market status. The scheme would provide \$380 to all unemployed heads of household and \$60 per minor (up to age 18) to all households. For the average household, this would mean a total transfer of \$500, bringing it above the poverty line. The sums would be indexed to the poverty line. The CTA argues that such an income transfer would also increase the bargaining power of employed workers, which is one reason why it prefers this approach, rather than attempting to secure a legal minimum wage. The scheme would be financed by eliminating some capital gains tax exemptions, but also from the extra value-added tax generated by new demand (it estimates that the direct and knock-on effects of the new income distribution would increase consumer spending by 7 per cent). Taken together with the elimination of other social spending programmes, the reintroduction of employer contributions in some sectors and higher taxation on luxury items, this package should bring in a total of \$20,170 million. If only 61 per cent of that sum actually materialized, the CTA says, it would be enough to fund

the Employment and Training Insurance, and so to raise every Argentinian household above the poverty line.

In fact, Uruguay is just starting to introduce something similar, although on a more limited scale. After the change of government in March 2005, it launched a Plan for National Attention to the Social Emergency (PANES). The aim is to cover the basic needs of 180,000 of the country's worst-off people. At an annual cost of \$100 million, the scheme will provide them with basic health care, education and skills training, in return for work within the community. This is part of a move towards a Basic Inclusion Income. The country's national trade union confederation (Plenario Intersindical de Trabajadores-Convención nacional de Trabajadores - PIT-CNT) supports the plan and is preparing the active participation of unions organizing in public health, education, child welfare and social security funds.

Direct help

Many examples of trade union action directly targeted against poverty were also identified by the study:

Bilingual skills training for indigenous artisans in Guatemala is provided by a project run by the national confederation for trade union unity (Confederación de unidad sindical de Guatemala - CUSG).

El Salvador's national trade union centre, the Democratic Workers' Confederation (Confederación de trabajadores democráticos - CTD) participates in municipal food distribution to fishing families.

Training for market women in Nicaragua's free trade zones is given by the country's autonomous national trade union unification centre (Confederación de unificación sindical - Autónoma - CUS-A). The courses concentrate on their relations with their suppliers and on improving their bad working conditions.

The national trade union organization of Honduras (the Confederación unitaria de trabajadores de Honduras - CUTH) takes part in a government aid programme for

an impoverished rural area. The scheme is backed by the Italian Government and the three Italian trade union confederations. Italian aid agencies have also worked with CUTH on anti-poverty, notably in the wake of Hurricane Mitch (1999-2000), when they helped to strengthen the small producers' association and relaunch family-based economic activities.

In Nicaragua, the agricultural workers' association (Asociación de trabajadores del campo -ATC) provides food aid for rural children, in cooperation with the Italian trade union development agency.

A project by Panama's national trade union centre (Confederación de trabajadores de la República de Panamá - CTRP) will help banana workers hit by recent close downs to start up self-managed banana plantations.

Self-help programmes for families headed by unemployed people have been launched by Mexico's trade union federation, the CROC (Confederación Revolucionaria de Obreros y Campesinos), with the aim of breaking the cycle of drug addiction and domestic violence. The project also helps them to find new jobs.

Also in Mexico, the Mexican workers' confederation (Confederación de trabajadores de México - CTM) is giving financial support and training to women heads of households who are setting up a food production cooperative.

A centre for women informal workers is being run by Colombia's unified workers' centre (Central unitaria de trabajadores - CUT) with support from many organizations around the world, including the ILO. Activities have included cooperatives, short training courses, assistance with bookkeeping and accountancy, a rotating credit fund and a mutual benefit society. The cooperatives have been active in recycling, hawking, domestic work and childcare.

Recycling is also the focus of a project run by the Colombian agricultural workers' Sintrainagro, a member of the CUT. It has set up a recycling plant for surplus packaging plastic from banana plantations. The plant employs war widows who

are heads of households with an average of four children. The project has also built schools and promoted social and cultural activities.

The laundresses' unions affiliated to the other national centre in Colombia (Confederación de trabajadores de Colombia - CTC) have benefited from a project backed by ORIT and the Canadian Labour Congress. Activities include the installation of laundries, the creation of a consumer co-operative and the building of houses.

A medical centre for informal workers is operated in the Ecuadorian capital, Quito, by the free trade union confederation of Ecuador (Confederación ecuatoriana de organizaciones sindicales libres - CEOSL). Backed by the Spanish Instituto sindical de cooperación al desarrollo (ISCOD, a trade union cooperation and development institute linked to the General Workers' Union, UGT), the centre has extended its services to the local population in general, and now also provides primary health care and low-cost medicines.

Economic solidarity among women handicrafts producers is promoted by a project run by Peru's general confederation of workers (Confederación general de trabajadores del Perú - CGTP). The women were being persecuted by the police, so the project asked the municipality to give these producers a grant, so that they could work in a group and formalize their business. They were also given training in financial management, including billing for export markets. The project worked to increase the women's self-esteem, and they later formed a regional federation of women artisans. The experience gained from the project is now being applied in another region.

Impoverished Peruvian rural women workers, meanwhile, have been benefiting from a project launched by local and regional agricultural associations across the country. Since 2003, the project has been providing the women with training on agricultural techniques, organizing and social issues. And their production activities have been supported by a microcredit fund and the formation of production alliances.

The social security and working conditions of stevedores and porters are the main concern of another project, run by an affiliate of another national trade union centre, the workers' Unitarian confederation (Confederación unitaria de trabajadores - CUT). The union's 8,000 members consider themselves to be self-employed. With ILO support, they obtained a labour-chaired multisectoral technical committee to look into the weights currently being carried by stevedores. The aim is to bring the weight down from 130-140 kilos to 50 kilos. The carrying of excessive weights (often with the porters' own consent, in a bid to improve their meager earnings) frequently leads to permanent incapacitation. The CUT union is also pressing for implementation of a 15 year-old law which should entitle the stevedores to social security coverage, time-based pay rates and annual leave. For the time being, the union has set up its own social security scheme. The biggest challenge currently facing the union is to cushion the impact of mechanization in a big wholesale market, although some job losses among the porters seem inevitable. Meanwhile, the union has extended its coverage to tricycle drivers. Support for the project has come from the Dutch national trade union federation (FNV) and the Spanish UGT's ISCOD.

Services for informal workers are the focus of various projects initiated by the Peruvian CUT with ISCOD's support. One pilot scheme is the Informal Workers' House (CATIC). Since 1998, it has been providing training, health care, legal and economic counselling, food programmes and communications skills.

In Argentina, the CTA has, through one of its unions, set up a series of co-operatives for unemployed workers who are members of the union. There are now almost 100 of these cooperatives, which are designed to facilitate trade union participation in state-run social housing projects. Founded in 1992, this CTA union originated in movements which occupied state-owned urban land in order to build housing there. Towards the end of the

1990s, this broadened into the *piquetero* movement which launched militant urban campaigns on issues ranging from labour demands to public income transfer policies. Since 2002, the *piqueteros* have become a channel for income distribution under the new Government's Heads of Households Programme.

To create jobs as a means of eradicating poverty, the metalworkers' union in Brazil has set up a scheme under which a percentage of wages goes into training, job placement services and self-managed cooperatives for the unemployed.

An association of paper sorters and materials recyclers is affiliated to the autonomous workers' centre in Brazil (Central autônoma dos trabalhadores – CAT). It has established a material recycling cooperative and a structure for coordination with similar schemes in other parts of the country.

A residents' association in the poor Paraguayan community of Villa Madrid recently affiliated to the trade union movement and is now promoting the construction of social housing for its members, through an agreement signed with the National Housing Commission.

In Uruguay, the bank employees' union affiliated to the PIT-CNT has got to grips with a number of social emergencies. After a major flood in 2001, it headed a national fund-raising drive for the victims. At the same time, it launched an information campaign about the risks of living on river banks. And when a financial crisis hit the construction industry, the unions helped unemployed building workers to set up agricultural microenterprises, for which the bank workers' union paid a small wage. In view of the economic crisis, the PIT-CNT has also embarked on a broader policy of recuperating factories and landholdings forced into liquidation.

Child labour

Action to end the exploitation of child labour is an important part of trade unions' direct anti-poverty campaigns throughout the region. This approach, the study says, "received a big boost during the 1990s from the ILO's IPEC programme, which identifies trade union organizations as one type of agency for the implementation of direct action programmes, or as beneficiaries of action programmes promoting the ILO's focus, as summed up in Convention No. 138 and the more recent No. 182".

IPEC "has signed technical and financial assistance agreements with national trade union structures in most countries of the region, to develop direct intervention programmes on child labour, and to promote union participation in national committees for the prevention and elimination of child labour and the protection of adolescent workers. In this regard, IPEC believes that in various national cases, trade union work directly promoted the ratification of the new Convention No. 182 and of No. 138".

The regional trade union organizations ORIT and CLAT have been strongly involved in IPEC programmes. These have promoted national legislation on child labour and the ratification of the relevant ILO Conventions. They have also equipped union leaders and activists to draw up projects and proposals on child labour, and to bring this issue into the mainstream of union action.

In Honduras, for example, a childcare centre was opened by the local trade unions to look after the children of informal workers. By keeping these children off the streets, the centre helps to prevent the proliferation of child labour. With IPEC training as part of this project, the unions have created networks of workers who will note and report cases of child labour within the workplace.

Throughout the region, many unions help to promote the education of impoverished workers' children, whether by providing teachers or by helping with the purchase of school equipment.

Good practice

So how can unions in the region best tackle the continuing scourge of poverty? The study picked out nine examples of “good practice” for more detailed description.

Better health for rural workers flowed from a scheme promoted in the Dominican Republic by the national union confederation (Confederación nacional de trabajadores dominicanos – CNTD) and a local agricultural labourers’ federation, again with support from ISCOD. The area targeted by the project had a number of serious health problems, including malaria. Poor sanitation and heavy pesticide use, and a water table close to the surface, had resulted in serious pollution of water supplies. Between 1995 and 2000, the project first strengthened the rural workers’ organization and administration, then installed low-cost drinking water supply systems which local people could maintain themselves, and finally improved the small farmers’ production and skills. ISCOD’s assessment was that the organizing element in the project, combined with strong local leadership, was an important educational factor. At the same time, the incidence of waterborne diseases dropped and local communities became generally more involved in solving their own problems. According to the report, “all of this could be seen as a useful object lesson for other communities in the region, as well as a process of awareness-building among local people and institutions concerning the management of natural resources”.

Moving beyond the traditional boundaries of trade unionism was the aim of the Colombian food and agriculture workers’ federation, UNAC. Rooted mainly in the food, hotel and tourist industries, it decided to become active among self-employed rural workers, the rural poor, deprived urban communities, women who head households, and people displaced by Colombia’s widespread violence or by the aerial spraying of illicit crops. This meant working with existing rural union structures, such as the 20,000-strong Sintrainagro which organizes banana, flower

and palm oil workers, but also with non-union advocacy groups, cooperatives and small farmers’ organizations. Particularly in its relations with indigenous communities, UNAC was seeking new alliances rather than new members. The underlying common interests are the development of strategic projects in conflict-torn areas and the defence of human rights, biodiversity and/or natural resources. Launched in 2001, the project centres on food self-sufficiency through ecologically sustainable agriculture. It has also supported environmentally friendly production for export, whether of new crops such as Asia’s shiitake mushroom or of the local uchava fruit (*physalis*). Various cooperatives have been set up, notably for fishermen and for banana growers formerly employed by Dole. Efforts to protect children and young people against warfare, drug addiction and the exploitation of their labour are another major focus of the project, which has also established health care programmes for the rural poor.

A rotating loan fund for rural women in a region of Peru is the fruit of cooperation between ISCOD and a local rural women workers’ association. Founded in 1993 at a time of political violence in the region, the rural women workers’ association, known as AMHBA, affiliated to the national trade union centre, CUT, in 1996. Some 7,000 women are currently members of the AMHBA, and most of them are the heads and breadwinners of their households. The rotating loans finance micro-production groups; each involves about 150 women. Their income comes from raising rabbits, guinea pigs and trout, but the project also has important social elements (service provision, skills training, campaigns against domestic violence, promotion of reproductive health). Other self-managed income-generating schemes are being developed, and agreements are being reached with central and local government on the provision of basic services. The AMHBA has also set up a small-scale milling operation. It plans to develop an agricultural production and marketing scheme which would provide processing

plant jobs for women and field work for the men, and would also be a source of fresh, nutritious food for their children. Among the AMHBA's other achievements are a women's permanent education centre and a refuge for battered women. Its environmental defence committee has taken on a mining firm whose activities are seen as a threat to the unique local ecosystem. The AMHBA has, the report says, succeed in creating "a collective of hundreds of women leaders and campaigners, who have gained new self-esteem while getting to know their rights and duties as citizens and defending their reproductive, sexual and mental health".

A centre for working children in another area of Peru provides education and food to youngsters toiling as low-paid porters, water sellers, car cleaners or shoeshines. Initially, the Centro Cristo Rey del niño trabajador (CCRNT) focused on direct assistance to 30 children and indirect help to 1,000 others by seconding vocational training staff to a government-run training scheme, the SENATI. By 2004, however, 470 children and teenagers were registered with the centre. About 20 children live in the centre, and 250 others regularly take hot showers there. The CCRNT is run by the Peruvian metalworkers' federation, FETIMAP, in cooperation with the regional organization of the International Metalworkers' Federation (IMF) and the Finnish metalworkers' union (SASK). The scheme has trained youngsters as car mechanics and welders. At the same time, courses and discussion groups tackle such topics as occupational health and safety, labour law and constitutional law, and trade unionism and its contribution to social development. Contacts have been made with employers who finance the SENATI and who have expressed interest in trade union education for their workers.

Technical assistance for worker self-management is being provided by the Argentinian national union centre, CTA. Its network builds on the "recuperated enterprises" movement (*empresas recuperadas*) sparked by the country's deep economic crisis. From 2001 onward, "recuperated

enterprises" became commonplace as workers moved in to take over firms that had closed down. The network aims to accompany and consolidate self-management experiments so as to strengthen the policy-making structures in five regions of Argentina. Three organizational levels are involved: the self-managed enterprises themselves, the Association of Self-Managed Workers and the Technical Assistance Network. The Association of Self-Managed Workers is the trade union of the workers concerned. Its task will be to put forward social demands and to coordinate sectoral labour strategies with the trade unions of employed workers. Within self-managed and cooperative enterprises, its role will be to underpin internal democracy, improve working conditions, resolve internal conflicts and maintain "labour ethics". The Technical Assistance Network consists of professional units which provide support for self-management, the development and improvement of entrepreneurial skills and the construction, transfer and exchange of equipment and knowledge. According to the report, the CTA sees the "recuperated enterprises" as part of the social economy, since they are a means of fulfilling basic needs outside the traditional market structure. However, there is no specific legal framework for promoting the sustainability of these experiments. The CTA also believes that self-management is "preferable to other social economy approaches such as micro-enterprises whose development tends to have a welfare focus, and which are generally of low quality".

Help for self-help by unemployed or casual workers is the aim of another project in Argentina, run by the Free Organizations of the People (Organizaciones libres del pueblo - OLP) and the Coordinating Committee for Trade Union Action (CCAS). The project operates in Buenos Aires and its suburbs. Dating from the economic crash of 1991, the OLP brought together various social organizations with previous experience of solidarity work, with the aim of coordinating their efforts. Its name reflects Peronist traditions of people power. Half of its members

benefit from the Heads of Household Plan, which pays each of them US\$50 a month in return for tasks within the municipality. There are two main OLP activities: food programmes and the promotion of self-management. Some 50 canteens in poor districts provide free meals to children (and sometimes to adults) at the rate of 4,500 a week. The biggest self-managed production activity is textiles. Women who used to sew on their own machines at home are gathered together in small workshops, with 15-20 workers in each. In all, 60 women are involved. Other trades include carpentry, leatherwork, baking and the cultivation of mushrooms. Family-run vegetable gardens, for the participants' own consumption and for the canteens, are another feature of the scheme. Further supplies for the canteens come from donations by local traders and from exchanges with other producers. Plans are afoot to convert the vegetable gardens into larger units with diversified production. For all these activities, production and sales are at the local level. Permits are being sought for public sales outlets, either in shops or in private homes. The existing outlets of other social organizations may also be used. And the leather goods are already sold in commercial malls. The OLP is preparing to launch a brand for its products – “Flor de Ceibo”, the Argentine national flower. The labels will state that the goods are from “National Solidarity Economy Production”. According to the report, this approach has “the virtue of replacing social policy, run by social assistants, with economic policy”. In fact, the OLP is very critical of current official social provisions. It says this scheme is riddled with clientelism, and in any case results in the displacement of municipal employees. The OLP believes that the further development of the social economy requires a clear state presence in various spheres: occupational training, credits for research into markets at home and abroad, and the purchase or exchange of goods and services at the provincial and municipal levels.

A register of rural workers and employers should help to bring the rural

workers of 21 Argentinian provinces into the formal economy and within the scope of social security provisions. Along with domestic work, rural jobs have the country's highest proportion of non-registered labour (more than 60 per cent). Introduced in 2004, the new register is the result of years of intensive lobbying by the Argentine Union of Rural Workers and Stevedores (UATRE), affiliated to the General Confederation of Labour (CGT). Compulsory for both workers and employers, registration provides rural workers with a labour carnet that shows their successive employers. This helps ensure that the workers get what they are legally entitled to – the protection of the national agricultural labour regulations and of the unemployment benefits system. Up to now, they and their employers have paid into the unemployment scheme without receiving any coverage in return. The new register is run by a management board composed of unions and management and two Labour Ministry representatives, and is chaired by UATRE. The aim is to promote the entry of rural workers and employers into the formal sector of the economy, stimulate rural production and employment, define national and/or regional production policies, end unfair competition between unregistered employees and employers and their registered counterparts, and secure equal opportunities for workers by integrating them into a properly financed social security system. As well as providing workers with the carnets free of charge and checking their authenticity, the registration scheme coordinates action to facilitate the hiring of workers, compiles statistics on unregistered labour, provides social benefits and administers the distribution of unemployment benefits. In the near future, it will also set up a conciliation service for the rural sector. So far 300,000 workers and 70,000 producers have registered. According to UATRE, this particular registration scheme is a world first, and its implementation is being studied by Spain and various Latin American countries.

A Brazilian example is really two projects in one. Both are operated by

affiliates of the labour federation, Força Sindical, in cooperation with the Italian labour federation, UIL:

- An education centre for children and teenagers in a Brazilian shantytown is run by the São Paulo Commercial Workers' Union (SECSP). This project also receives backing from Italian retirees' unions and associations and Italian and Brazilian banks. The scheme is run in a *favela* (slum district) on the outskirts of São Paulo. Its guiding principle is that action to combat poverty must not be limited to the question of incomes but must also address wider social needs – employment, education, transport, health, housing, sanitation and food. The aim is therefore to change the whole environment surrounding children and their families. The programme acquired its own premises with sufficient space for its activities. Launched in 1992, it initially worked with 25 children and adolescents. In the meantime, the number has increased to 300. Activities include extra coaching in Portuguese and mathematics, training in basic IT skills, handicrafts, embroidery, painting on textiles and paper, English and Italian lessons, and learning to play classical music on various instruments.
- A social approach to deprived families' needs is also shown by the Eremim Association, which has been operating in Brazil since 1999. Run by the Osasco and Region Metalworkers' Union, the project assists families in Osasco's impoverished Rochdale area, where the union sports club is located. Additional financing for the scheme has come from a number of sources, including the United States' national labour centre the AFL-CIO. The project first did some research among more than 250 local households, to identify the main problems. They found poor school performance and high truancy rates among the children and high illiteracy rates and low school attendance among the adolescents (43 per cent of

the adults had never completed their basic schooling). High proportions of the young people and adults were outside the labour market (an average of 50 per cent). Family incomes were particularly low. So the union decided that it could put its sports club to more democratic use by promoting citizenship and critical awareness and contributing to human development in certain areas, particularly education. Eremim's specific aims are to develop basic skills such as oral expression, reading, writing, arithmetic and problem-solving, in ways that are productive, personalized and relevant to the population taking part; to develop the specific skills needed to enter and stay in the labour market; and to promote the social and economic revitalization of the families concerned. An educational back-up programme helps some 200 children and adolescents to improve their school performance, while an education-through-work scheme is training 30 young people as community workers and social communicators. The dual aim is to give the youngsters the skills and attitudes needed for permanent employment while at the same time providing services to the community. The family social aid programme promotes interaction between the families themselves, with the aim of improving education levels through an adult education project and income generation through a handicrafts co-operative. Theatre, dance and music groups, and a communications group targeting radio, newspapers and the Internet, complete the spectrum. The project promotes self-help among 600 people in 130 families, most of which are headed by women.

Looking to the future, the legalization of indigenous land tenure is the focus of a project started up recently by Guatemala's Central Confederation of Rural and Urban Workers in cooperation with ISCOD. Five hundred rural indigenous families will benefit from this scheme, which aims

to consolidate the legalization process launched by the country's peace accords and backed by the Government. As well as raising living standards, the project sets out to promote sustainable agriculture. The union will be working with the official Land Fund (Fondo de Tierras). A team of 24 trained "legal promoters", headed by a specialized land lawyer, will help people to register titles. The legal status of participants' land holdings will be investigated, while agronomists and topographers will clarify boundaries. At the same time, the indigenous farmers will receive advice on the possibility of planting new crops and

making the most profitable use of their land, while respecting the environment. Training in basic administrative and resource management skills will also be given. A Guarantee Fund, backed by a bank, will provide start-up loans. The project also includes the building of schools and the provision of drinking water.

Note

¹ Hilda Sánchez, *Panorama de la acción sindical contra la pobreza y la exclusión social: Mejores prácticas. La situación en América Latina y Caribe*, Consultancy Report, May 2005.

Asia – the inequality challenge

Asia's economy is growing very fast. Trade unions there have been fostering that trend. But they are also pressing for fairer shares in a continent that is still home to two-thirds of the developing world's poor.

“Developing Asia ended the twentieth century with so much to be proud of”, proclaimed the Asian Development Bank.¹ “In the early 1970s, more than half the region was poor, only two out of five adults were literate and the average Asian could expect to live just 48 years. Today the share of poor people is down to almost one-fourth, 70 per cent of adults are literate, and life expectancy is up to 65 years.”

Certainly, the region has made enormous strides. Its biggest nations, China and India, are embarked on rapid economic growth. In East and South-East Asia, hundreds of millions of people were lifted out of deep poverty within just four decades of development.

Rapid growth leaves many behind

And yet “two-thirds of the developing world's poor live in Asia”, a study commissioned by the ILO Bureau for Workers' Activities (ACTRAV) points out.² “Though the problem of poverty is less acute in Asia than in sub-Saharan Africa and Latin America, the greatest and the gravest social challenge in Asia concerns the number of poor – over 900 million – who live on less than US\$1 a day. The problem should not be seen merely in terms of dollar income, but in terms of quality of human life and other aspects of human deprivation.”

The twenty-first century “may well belong to Asia”, the study concedes. “Several Asian economies are registering much higher rates of growth than any of the industrialized nations. Yet, there is a growing concern about the widening inequality, growing unemployment and

underemployment and mounting poverty among and within nations. While growth or the lack of it was in itself a problem for many countries, even those which achieved sustained growth over the past decade or more are experiencing what the United Nations Development Programme (UNDP) called nearly a decade ago, jobless, fruitless, rootless and ruthless growth. The rich are becoming richer and the poor, poorer.” Those with employable skills are “not only able to keep their jobs, but also improve their wages and working conditions”. Those without skills are tending to lose their jobs – and even if they manage to hold on to them, “they are unable to maintain their standard of living due to falling real incomes and reduction in worker rights and social protection”.

A daunting prospect in a continent where the queues for decent work are certainly not about to shrink. “Based on available projections for the working-age population, Asia's labour force is expected to grow by 14 per cent over the next 10 years and by 24 per cent over the next 25”, the Asian Development Bank now says.³ “If, however, labour force participation rates increase – driven, for example, by greater participation of women – the future labour force will be even larger.” Ensuring productive use of so many potential workers “will not be easy and, while some parts of the region have done an excellent job in this regard, large parts continue with a vast pool of underutilized labour. This is most evident in South Asia where the large majority of the labour force is employed in agriculture and where low productivity of work has led to unacceptably high rates of poverty”.

But simply moving people off the land and into industry and services will not do the trick. The Bank also found that “non-agricultural work in Asia presents some alarming features”. For example, “a very large proportion of non-agricultural workers continues to be employed in the informal sector. Additionally, recent trends reveal either stagnation or even an increase in the share of workers engaged in the informal sector. Given the low earnings and low productivity of many informal sector jobs, these trends show the enormity of the challenge that lies ahead for Asia’s policy-makers”.

And for its trade unions. Worryingly, the Bank also notes “evidence of an increase in the share of formal sector workers engaged in non-regular work with few of the benefits that formal sector workers typically receive”. In other words, informal work will probably keep you poor, but formal employment is less and less likely to make you thrive.

As the Bank itself insists, “poverty reduction requires helping people as workers”. Which is what unions do – even if the ACTRAV-commissioned Asian study has some criticisms on that score. Many trade unions in the region, it says, “have negotiated a better wage rate for the permanent workers in the organized sector at the expense of the casual, contractual and contingent workforce. This has often resulted in the development of labour aristocracy where the gap between workers at the same skill level is much higher based on whether the job is permanent or temporary/casual than that between the lowest-paid workers and middle and senior level managers in terms of cash component of wage/salary”.

Be that as it may, the current fashion for wholesale labour “flexibilization” is not the answer – at least according to the Asian Development Bank: “A detailed examination of labour market policies in Asia, evidence from cross-country comparisons of labour market regulations, and stocktaking exercises for four countries – India, Indonesia, Philippines, and Viet Nam – led to the conclusion that, in gen-

eral, labour market regulations governing hiring and firing and minimum wage laws are not *the* binding constraint on employment generation.” It adds: “There may be *some* aspects of labour market regulation in *some* countries that do indeed constrain employment growth and that must therefore be addressed. For example, in some cases regulations that make it difficult to reallocate workers may need to be modified.” But, in general, it is unconvinced by “the case for across-the-board labour market reforms”⁴.

But jobs are the key to poverty reduction, the ACTRAV study insists: “Unemployment is the biggest enemy of trade unions. With rampant unemployment and underemployment, trade unions face an uphill task in ensuring minimum wages, improving real wages, dignified working conditions and decent work, including quality of work life and work-life balance.” And the key to new employment is growth: “There can be growth without job creation. But there cannot be jobs without growth.” But not just any old growth. “It is important to focus on the composition of growth, not just the rate of growth so that a higher rate of economic growth can induce and create additional jobs.”

Unions need to be involved in shaping the economy at the macro as well as the micro level, the ACTRAV-commissioned study argues. The Asian countries that have prospered most, and have reduced poverty fastest, have tended to be those in which unions have gone beyond wage bargaining and have played an active part in the development of the economy as a whole. Trade unions, it says, “need to prioritize their participation in poverty reduction and job creation programmes. They should call for the creation of appropriate structures for ongoing discussions with the government, on one hand, and with the ILO, international trade union movement and multilateral and bilateral agencies, on the other. They should also simultaneously work with and encourage their affiliates to take up actions and activities aimed at poverty reduction and creation of decent work”.

All well and good. But in countries that are under the economic tutelage of the International Monetary Fund and the World Bank, do unions really have any say in national policy? In Asia as elsewhere, this leads us into the vexed question of the Poverty Reduction Strategy Papers.

PRSPs – what role for the unions?

Since 1999, a system of Poverty Reduction Strategy Papers (PRSPs) has replaced the discredited structural adjustment policies previously imposed on developing countries by the International Monetary Fund and World Bank as a condition of financial assistance (“conditionality”). As the ACTRAV report notes, Asia’s unions “welcomed the policy shift among the World Bank and the IMF in 1999 which recognized that poverty reduction would be the key goal of their engagement in low and middle income countries”. Better still, “the World Bank and the IMF began to emphasize the active involvement of the civil society institutions in poverty reduction strategies. Each participating country was expected to prepare PRSPs. The PRSP framework thus provided a new opportunity for trade unions, along with NGOs and other civil society institutions, to engage with their governments and demand a role in policy-making”.

But there is a fly in the ointment. Unions “are wary of the fact that the World Bank and the IMF continue to persist with conditionality in a ‘one size fits all’ mindset”. So unions in some countries suspect that nothing has really changed. They feel that the poverty reduction strategy approach is just structural adjustment dressed up in new clothes.⁵

The study looks at the role of trade unions in the PRSPs or similar poverty reduction strategies of Bangladesh, Bhutan, Cambodia, India, Indonesia, Lao People’s Democratic Republic, Mongolia, Nepal, Pakistan, Sri Lanka and Viet Nam. Its finding: “While all PRSPs mention that the documents were prepared in consultation with NGOs and/or civil society institu-

tions, only Bangladesh, Cambodia, Indonesia, Lao People’s Democratic Republic, Nepal, Pakistan and Sri Lanka mention specifically that trade unions were consulted. The others did not make even a passing reference to or acknowledgement about consultations with trade unions.”

Asia-Pacific unions’ generally negative experience of poverty reduction strategies is summarized in Table 1. Nevertheless, the study sees PRSPs as an opportunity for unions to put across some positive points: “Instead of merely opposing the proposals of the other social partners, i.e. governments and employers, trade unions should express clearly and firmly what they want in a manner which is palatable to the other stakeholders.” They should put the emphasis on “enlightened self-interest such that the other stakeholders/social partners see mutual or wider common good”.

Alternative PRSPs

But do the self-interests of the various PRSP partners, enlightened or not, really coincide? Views on that vary. Some trade unions, often in alliance with civil society organizations, have chosen to produce their own, alternative PRSPs. The study supports that approach. Union-led alternative strategies should, it says, help to identify and prioritize the basic needs of poor people, and then go on to estimate the cost of providing them. “While estimating costs and fixing service charges, they should examine whether and how the principle of user charges in areas like water, for instance, excludes the really and extremely poor from access to public services and basic amenities. Therefore they should explore alternative sources of funding without taxing the poor who cannot afford the cost. Proper targeting of subsidies becomes a relevant issue.”

This is all the more important because most foreign assistance does not go into meeting the UN’s Millennium Development Goals (MDGs), but rather into debt servicing and other activities that do not

Table 1. Asia-Pacific trade unions' involvement in PRSPs

Aspect of PRSP process/ Poverty Reduction Programme	Trade union involvement in the region
Fundamental difference in perspectives	Trade unions focus on jobs, minimum wages and worker rights which specifically affect their members. The Millennium Development Goals (MDGs) set by the United Nations focus on human development indicators such as the proportion of the poor, literacy, nutrition, etc. Financial institutions are focusing on basic needs and infrastructure which concern the general public.
Interactions with World Bank, IMF and Asian Development Bank	Apex-level interactions at the headquarters by global unions and their representatives at the national level. Due to the multiplicity of unions in several Asian countries, most national unions do not get such an opportunity. At the national level, such dialogue does not usually take place between financial institutions and trade unions.
Union participation in PRSPs	In the few countries in the region which have PRSPs – Sri Lanka and Cambodia, for instance – involvement is usually in the form of information-sharing. Financial institutions and governments are not known to extend open invitations to all trade unions. Invitations are personal to majority recognized trade unions – or those which are in the good books of the concerned government where problems of one kind or another persist in determining the majority union.
Trade union representations on PRSP/PR programmes whether invited or not	Trade union congresses which are held at periodic intervals usually contain references to poverty reduction. But their focus is on employment and working conditions of organized labour, with occasional sympathy shown to unorganized labour. Rarely unions make representations that deal specifically with poverty reduction issues within the framework of, say, MDGs.
Trade unions' role in debates on PRSP/PR programmes	Trade unions have never played any role in the PRSP/PR programmes in terms of chairing sessions during debates, etc. Of course, trade unions do play such a role outside the consultation process, if any, of the IMF and the World Bank, when the unions organize meetings.
Are trade unions lumped under "NGO/civil society institutions"?	Yes, usually.
Do unions make written submissions?	Yes, on job protection, job creation, minimum wages and the need for strict enforcement of labour regulations. Also in opposition to liberalization, privatization and globalization which, in the view of most trade unions in the region, are pushing the working class into poverty. In such submissions, trade unions also usually protest against IMF/World Bank policies. As a result, the representatives of the World Bank, IMF and the Asian Development Bank (ADB) in the countries of the region usually shun meeting trade union leaders, except when the ICFTU and other global unions press the case for consultations. For instance, in September 2005, Public Services International (PSI) led a delegation of Asia-Pacific electricity workers' unions at a meeting with ADB officials in Manila.

Aspect of PRSP process/ Poverty Reduction Programme	Trade union involvement in the region
Do PRSPs incorporate trade union concerns?	The trade union submissions focus mainly on the concerns of their members, which are usually not reflected in any of the PRSPs. The PRSPs are focused more in terms of MDGs. The trade unions are usually not focused in their submissions in terms of MDGs. Thus, there is a fundamental difference in the perspectives and approaches of trade unions. It is necessary for trade unions to show enlightened self-interest and reflect more broadly on poverty concerns as well.
Is there a decent work focus in PRSP/ PR programmes?	Generally speaking, no. PRSPs are concerned about those below the poverty line. They talk about basic needs, but not about workers' rights nor about living standards, except in terms of minimal nutrition, literacy, etc. However, when ILO officials are involved in drafting PRSPs in certain countries in the region, there is a reference to decent work. But this is usually mere tokenism, as the PRSP simply makes a declaration of intent, without detailing what follow-up action is to be taken.
Involvement of ILO and Ministry of Labour in PRSP/ PR programmes	Interestingly, in almost all countries in the region which have PRSPs, the ILO and the Ministry of Labour are involved. But the final draft strategy is usually formulated under the aegis of the Finance Ministry. At this stage, the ILO is not usually in the picture and even if the Ministry of Labour is involved, its voice at this stage is normally muted.
Trade union frustrations	Unemployment is growing. Even where labour law reform is halted due to trade union opposition, the attitude of the executive and judiciary is in line with the neo-liberal economic policies. Thus trade unions are unable to halt the deterioration in wages and working conditions. So the working poor are on the increase. Poverty is no longer limited to the unemployed. The PRSPs are not addressing the problems faced by the workers as a result of the liberalization, privatization and globalization policies advocated by the IMF and the World Bank. Therefore they are unable to decide whether to trust them or not.
Union involvement in preparation/formulation	Partial. Consultations, but input not incorporated in strategies except in rare cases like election manifestos and policies (but without commensurate budgetary provisions).
Involvement in implementation	Nil.
Involvement in monitoring	Nil.
Involvement in evaluation	Nil.

Source: Adapted from *Poverty Reduction Strategy – Role of trade unions*, by C.S. Venkata Ratnam.

benefit the poor. “The rich countries have not lived up to their commitments in terms of the targeted funds flow for achieving MDGs. Therefore, there is a need to closely monitor and ensure that the limited foreign assistance is more efficiently used.” Emphasis should also be placed on the need to review the “conditionality associated with structural adjustment lending”.

Among the trade union centres that decided to draw up their own PRSPs is the Bangladesh Sanjukta Sramik Federation (BSSF). “On Bangladesh’s poverty reduction strategy, the Government consulted a range of civil society organizations and NGOs, but not the trade unions,” BSSF General Secretary Mukkadem Hossain recalls. “So our federation prepared its own counterproposal, which we submitted to the Government.”

This is against the background of extreme poverty in Bangladesh – and the rapid decline of its small formal sector, due to globalization. “There are 50 million people in our informal sector, and only 5 million in the formal sector. And the formal sector is being downsized, so the informal sector is growing. More than 80 per cent of our jute mills have closed, leaving 400,000 workers jobless. One thousand two hundred garment factories have closed, putting 6,000 people out of work. Out of 5,000 factories in the handloom sector, 3,000 have closed and 50,000 workers have been made redundant. In Bangladesh, 40 per cent of the people are below the poverty line, and there is no new inward investment.”

Hossain has two main criticisms of the Bangladesh Government’s poverty reduction strategy: “It didn’t mention either trade union rights or a minimum wage. Without trade union rights, without a minimum wage, how would it be possible to reduce poverty? So our proposal says a minimum wage is a must, decent work is a must, informal sector trade union rights are a must, and the creation of jobs is a must. It calls for the subsidization of the agricultural sector and the handloom sector. You can’t reduce poverty without increasing incomes – that’s our view.”

In Nepal, on the other hand, the unions were consulted on the formulation of the PRSP, “but only in the process of formulation”, says Umesh Upadhyaya, the Deputy Secretary General of the General Federation of Nepalese Trade Unions (GEFONT). “It was the ILO who got the Government to invite us. In the final draft, one or two of our points were reflected in a very generalized way, but nothing very concrete. So we’re dissatisfied with the outcome – although trade union involvement even in the formulation stage is significant. Previously, the National Planning Commission was not responsive to the voices of trade unions. This time, at least they consulted us.”

In Nepal, 92 per cent of the workforce is in the informal sector, mostly agricultural. “So first of all, we held a big campaign to secure a minimum wage for the informal sector and the agricultural sector, and we were successful in getting the Government to declare a minimum wage for agricultural workers.” The minimum is now 60 Nepalese rupees a day for agricultural workers (about 86 US cents).

Also “to counter the employers’ calls for labour flexibility, we have placed high emphasis on social protection, not only for formal sector workers, but for informal sector workers too. To extend social protection to informal workers, we have sought to involve local units, the village and district development committees”. Trade union education programmes and awareness programmes among informal workers are also essential to the fight against poverty, because they help people to stand up for their rights. Major rallies against poverty were held by the three Nepalese trade union confederations during 2005.

Wages are key

But how much should organized labour in the region be concentrating on government policies, how much on core trade union tasks such as collective bargaining, and how much on income-generating

Going the half hog Indonesian cooperatives' renewable lending

"Six years ago, we launched cooperatives that provide small loans to people in the informal economy. They are going well now." These union-run loan schemes owe their success to their low interest rates, says Rekson Silaban, President of the Indonesian Prosperity Trade Union (SBSI). "The banks charge 7-9 per cent. We charge 2 per cent ." The loans often go to people setting up as street vendors. They use the money to buy in stocks of fruit or rice.

Small-scale pig farmers also benefit – but loans to them tend to be in kind. "We give them piglets which they raise and use for breeding. Half of the piglets born are for them, half for us. Then we pass the new piglets on to other candidates. And so on."

Whether for cash or for hogs, schemes of this kind obviously require seed money. In the Indonesian case, initial funding came from Belgium's Christian trade union federation (CSC – Confédération des syndicats chrétiens), with the SBSI topping up later from its own resources.

Demand for small loans is growing in Indonesia, Silaban says. "For instance, the fishermen lack the funds to buy engines for their boats."

Are loans of this kind a good way of fighting poverty? "At the very least, they're a good way of stopping more people from slipping into poverty," Silaban thinks. A good organizing tool, too. "First they join the union, then they join the cooperative."

projects, cooperatives and similar direct anti-poverty action?

Wage bargaining is and will remain the top priority for the Malaysian Trades Union Congress (MTUC). Its President Syed Shahir bin Syed Mohamud is quite clear about that. "We are very much in the process of organizing workers in unions, so that we can start collective bargaining. I want to be quite consistent in my view that the issue of poverty, as far as workers are concerned, relates to the wages that they receive, and what we have now is insufficient for them to support themselves and their dependants. So the issue before us is that we need a minimum wage, a decent wage, so that they can support themselves." That said, he agrees that union-organized cooperatives, of which Malaysia has quite a few, can also generate income for those who most need it.

At present, there is no legal minimum wage in Malaysia. The MTUC wants it set at 900 ringgit a month, right across the board (about 201 or US\$238 in November 2005). Malaysia is one of the region's better-off countries, and the number of people below the poverty line is relatively low. But poverty wages are by no means a thing of the past. "There are workers who receive less than 400 ringgit a month," the

MTUC President says. "It's quite tough living on that kind of wage. Surveys we have done recently show that workers need 14 ringgit a day just for their own food and transport to and from work. So now we have people doing two different jobs each day, to earn enough to support their families."

Raising incomes, reducing vulnerability

When it comes to tackling poverty, Asian labour activists often favour a blend of approaches. Poverty removal means both raising incomes and reducing vulnerability, Ela Bhatt points out. She is the founder of India's Self-Employed Women's Association (SEWA).⁶ "The income approach tends to lead more to 'income-generation' programmes," she argues, "while the vulnerability approach leads to more social programmes such as education and health provision." SEWA's experience, through "years of working at the grass roots as well as with policy-makers at all levels", is that tackling poverty requires a "combination of both approaches, but with a deeper understanding of where the poor are placed within the structures of society".

Banking on change India's SEWA Bank

"We may be poor, but we are so many," said Chandaben. "Why don't we start a bank of our own? Our own women's bank, where we are treated with the respect and service that we deserve."

In 1974, she and other impoverished self-employed Indian women did just that. Four thousand of them each put 10 rupees of share capital into launching SEWA Bank. By 2002-3, its annual report showed deposits of 623.9 million rupees and 133.5 million rupees' worth of lending.

This highly successful cooperative of the working poor is an offshoot of the Self-Employed Women's Association (SEWA). Organizing in India's vast informal sector, SEWA now has a membership of over 687,000 women. They include homeworkers making garments, incense sticks and other products, street vendors, porters, construction workers and agricultural workers. Like SEWA itself, the bank is centred on the city of Ahmedabad and the surrounding rural areas.

More than 200,000 women currently save with the SEWA Bank, which helps them to break out of the poverty cycle by building up some capital.

The first step is often to free them from the clutches of the informal moneylenders by giving the women a loan to pay back existing debts on which they were paying extortionate interest. But unlike many union-run loan schemes, SEWA Bank charges normal commercial interest rates. "When the poor borrow from informal financial sources, they pay much higher interest rates than the prevailing market rate in the country," SEWA founder Ela Bhatt points out. "They do and are ready to pay the market rate of interest."

Once free of the loan sharks, the women are encouraged to build up savings. Here, the bank often finds itself pushing at an open door. "Poor women have a basic instinct for saving," Bhatt says. More welcoming than a traditional bank would be to low-income, often illiterate women, SEWA Bank persuades them to retrieve their savings from under the mattress and put them into a savings account. They may set aside just a few rupees a day, but it builds up. And having a bank passbook gives the women new self-confidence and improves their status within their families.

Business loans are usually the next stage. For instance, a vendor may want to increase her working capital, so that she can buy in more stock and improve her profits. A carpenter or a seamstress may borrow money to mechanize some of her tasks, and so raise her productivity. Most of them are conscientious repayers – no doubt in part because they feel their ownership of the Bank. Around 94 per cent of the loans are paid back in full. "The majority of the poor, particularly women, are economically active," Bhatt emphasizes. "They are involved in multiple economic activities, they have short period business cycles with high rates of return, and can and do repay loans, provided their repaying capacity is assessed properly." Bank members' income averages 1,000 rupees a month. The maximum loan is 25,000 rupees per individual. No collateral is needed, but a guarantor (formally employed, and possessing a valid pay slip) is required for all loans.

Finally, once the work side has improved, attention turns to living conditions, and the Bank members take out loans to improve their often very basic homes. In the case of homeworkers, of course, this can also have professional advantages – for instance, the installation of water and electricity supplies.

Low-income women working in the informal sector often have neither the time nor the means to visit Bank branches. So SEWA brought the Bank to the customer. Ever since 1978, its vans have criss-crossed the city, pioneering the concept of Doorstep Banking. "Handholders" are another innovation. These fieldworkers counsel women on planning for the future, and advise them on SEWA Bank services and products, which range from microfinance to insurance. The handholders also collect savings and loan repayments. They are helped by the "Banksaathis" (bank companions), a team of community-based leaders in each locality.

The handholding goes beyond finance. The women are told about SEWA's other activities and are encouraged to join. So through this outreach, SEWA's banking arm clearly also promotes organizing.

The Bank wants others to profit from its experience. It is the co-founder of the Indian School of Microfinance for Women, which has recently launched an international training programme.

For more on SEWA Bank, visit www.sewabank.org

In India's dry rural areas, for instance, "the provision of drinking water is closely linked to the capability of women to enter the labour markets, so that when we try to intervene to link the embroiderers with markets, we find that we have to deal with the Gujarat Water Board on better drinking water schemes for them".

Similarly, "while organizing women workers for better wages in tobacco processing plants, we were faced with the need for childcare for their children who otherwise had to spend their days in the midst of tobacco heaps".

And although the SEWA Bank is one of the pioneers of microcredit (see our inset), "we very early discovered that without helping the small entrepreneurs to deal with changing markets and policies, we could not expect the loans to work towards poverty reduction".

Obviously, continuous employment for informal workers is an important contributor to overcoming poverty. But as Ela Bhatt points out, "in the informal sector there are no 'jobs'. Employment is a combination of self-employment, or own-account work, wage employment, casual work, part-time work and a variety of employment relations. At any one time a poor person could be working at a number of different employments".

So achieving "full employment" in the informal economy is "no longer a matter of creating 'jobs', but of strengthening these workers and producers to overcome structural constraints and enter markets where they would be competitive".

Poor people, she says, need four things in order to achieve this kind of "full employment":

- "The poor need capital formation at the household level through access to financial services (savings, credit, insurance) to build up and create assets of their own (land, house, workshed, equipment, cattle, bank balance). Asset ownership is the surest weapon to fight the vulnerability of poverty.
- "The poor need building of their capacity to stand firm in the competitive mar-

ket, i.e. access to market infrastructure, access to technology, information, education, knowledge and relevant skills (accountancy, management, planning, designing, for example).

- "The poor need social security – at least health care, childcare, shelter and relief – to combat the chronic risks faced by them and their families.
- "The poor need collective, organized strength (through their associations) to be able to actively participate at various levels in the planning, implementation and monitoring processes of the programmes meant for them, and also in all other affairs of the nation."

Nepalese unions, too, favour a mix of action. Hence, GEFONT runs various micro-cooperatives to generate income for the poorest groups of workers. Pig and goat raising are among the projects supported by the union. It also provides sewing machines to impoverished women who want to earn a living as seamstresses, and union skills training courses range from plumbing to painting and auto mechanics. Health provision for agricultural workers and campaigns against child labour are other focuses of the unions' anti-poverty work. Since 2001, bonded labour (a form of debt slavery) has been illegal in Nepal – largely due to pressure from the unions and the NGOs. Although the practice persists, many bonded labourers have indeed been released, and they are another group benefiting from the Nepalese unions' income generation schemes. The ILO has helped GEFONT with many of these anti-poverty activities, Umesh Upadhyaya points out.

Union successes

The ACTRAV study's round-up of positive trade union contributions to the fight against poverty in the region does suggest that bargaining and organizing remain crucial, alongside project work and campaigns for better public policies:

- Unions in some countries have been striving to get the right to a job recognized as a fundamental right. In India, “they have succeeded in the year 2005, through collectively exercising pressure in tandem with other civil society organizations and political parties, in getting a rural employment guarantee bill passed”.⁷
- Trade unions in several countries “have been endeavouring successfully to secure periodic increases in minimum wages” with provisions for indexation to the cost of living.
- In several cases, “trade unions have signed non-discrimination causes in wage agreements whereby contract and casual workers get the same wage as regular workers”.
- Six trade unions in Andhra Pradesh, India joined together to work towards the elimination of child labour. “They have vigorously campaigned for the elimination of child labour in hazardous jobs/occupations, freed child labour in bonded labour situations, negotiated and signed agreements, based on the type of occupation, which provide for non-engagement of child labour.”
- Trade unions in several countries “undertake educational and skill development programmes which provide livelihood opportunities for workers and their families”. In quite a few cases, they have also been running centres engaged both in production and in on-the-job training.
- In some countries, unions “run a host of cooperative societies, including for thrift, credit, provision of consumer goods at concessional prices and a variety of other activities”. These cre-

ate “opportunities for increasing the family income” and provide jobs for workers’ dependants and others in the community.

- “There are also several instances where trade unions have organized the unorganized labour in the informal sector and tried to improve minimum wages, secure better working conditions, and a semblance of social protection.”

Notes

¹ *Asian Development Outlook 2000*, Asian Development Bank, Manila.

² *Poverty Reduction Strategy – Role of trade unions*, by C.S. Venkata Ratnam, Director, International Management Institute, New Delhi. Draft for discussion presented to the International Workers’ Symposium on “The role of trade unions in the global economy and the fight against poverty” organized by the ILO Bureau for Workers’ Activities (ACTRAV) in Geneva from 17 to 21 October 2005.

³ *Key Indicators 2005*, Asian Development Bank, Manila, www.adb.org/Documents/Books/Key_Indicators/2005/default.asp

⁴ *idem*.

⁵ These doubts are shared by many African trade unions – see our article on page 1. The realities of worldwide trade union involvement in poverty reduction strategies were analysed in detail in *Labour Education*, 2004/1-2, No. 134/135.

⁶ *SEWA’s approach to poverty removal*, Ela R. Bhatt, <http://sewa.org/sewa-approach.htm>

⁷ Passed by the Indian Parliament in August 2005, the National Rural Employment Bill aims to provide 100 days’ assured employment per year to every rural household in 200 districts. Prime Minister Manmohan Singh said the legislation will give bargaining power to the poorest of the poor. “We are offering a modest, gainful employment that will fetch 500 rupees per month for a family,” he said. “This will bring landless families in the social safety net.” He hoped that within four to five years, it would cover all rural districts. [Information from E.C. Thomas, *Job guarantee for the rural poor*, Government of India Press Information Bureau, 6 September 2005. <http://pib.nic.in/release/release.asp?relid=11820>]

Poverty amidst plenty: Europe's unions fight for fairer shares

If you were looking for an impoverished continent, Europe would not spring readily to mind. But a substantial and growing number of Europeans find it difficult to make ends meet. Trade unions are among those tackling a scourge that is often hidden.

Officially, 72 million people in the European Union are at risk of poverty.¹ That is in Europe's wealthier regions. Some of its poorest countries are outside the EU, and they are knocking at the door. In all parts of the continent, trade unions are building alliances against poverty.

Europe used to be divided by the Iron Curtain. The differences still show – not least in living standards. In Central and Eastern Europe, the former communist regimes seldom even admitted the existence of poverty. But, as a report from the European Trade Union Confederation (ETUC) notes, the new era has brought new threats: “The democratic transition has been accompanied by economic changes inspired by neoliberalism (insecure jobs, social security reforms leaning heavily towards privatization, etc.)” This has led to “a considerable increase in poverty and in precarious situations (low wages for those in employment, minimal social benefits for the sick, the retired, etc.)”.²

Exclusion – and action

Western Europe has its problems too, and they are not about to go away. Poverty is on the increase in the EU, the ETUC paper reports. “The growth in the numbers of the working poor, in almost all European countries, is one sign of this deterioration. National and European policies for combating poverty have not had any really positive effects, other than keeping the poverty rate constant in some regions. On the other hand, low pay, the progressive erosion of income from social security allowances (sick pay, pensions,

unemployment benefits), greater insecurity of employment, and the weakening of collective relationships and contractual agreements, whether at the European or the national level, have all been helping to create an environment that is favourable to the growth of poverty.”

That poverty lurks even where it might least be expected. In 2004, for instance, the Austrian railway workers' union published a think tank report showing that 876,000 people in Austria – 11 per cent of its population – are poor or at risk of poverty. “An above-average risk of poverty exists among rural people, women, the self-employed, one-parent households, large families, people with limited education, pensioners, the unemployed, people with disabilities and migrants. Which means that children are also particularly affected.”³

That “at risk” list would be the same in most European countries.

At an ETUC seminar in October 2001, unions, researchers and NGOs listed factors that produce social exclusion throughout Europe. We give the main points below. And then, in italics, we describe the corrective action being taken by European unions – drawn from ETUC papers or other sources.

Here, we concentrate on union action against poverty in Europe itself. But European trade unions also play a leading role in campaigns for more and better assistance to other continents. They make a clear link between the fight for worldwide social justice and action against poverty closer to home.

According to the ETUC, among the main factors causing poverty in Europe are the following.

Low-quality jobs and very short periods of employment

“Having a job is an effective way of escaping the risk of poverty and social exclusion. In 1997, for example, 7 per cent of the employed population were living below the poverty threshold, as against 39 per cent of the unemployed and 26 per cent of the economically inactive. However, the proportion of the working poor did not decrease in the period 1995-1997. And in Greece, Spain and Portugal, the working poor make up 11 per cent of those living below the poverty line. As regards very short periods of employment, these have been identified as putting women at major risk of poverty and social exclusion, particularly when these frequent interruptions of employment are added to career breaks for family reasons. They also constitute a significant risk for single women and elderly women, especially in countries where the amount of pension received depends mainly on the periods of time worked.”

Trade unions’ core roles of organizing and collective bargaining are clearly their most vital contribution to tackling this problem. The growing proportion of “working poor”, in particular, shows that a decent wage is still a dream for many in Europe. In addition to bargaining, union pressure for the establishment or the upgrading of a minimum wage has a part to play, as do campaigns for the improvement – or maintenance – of state benefits and social services.

Union action to promote gender equality is also of great importance here. In addition to mainstreaming women’s concerns in their demands, unions run projects to assist disadvantaged women. In Spain, for example, the Comisiones Obreras labour federation (CC. OO.) opened a centre which provides unemployed women with training for the catering trades. This is supplemented by social case-work and help for children with problems at school. At the same time, the centre trains shop stewards about social issues, including drug addiction.

Long-term unemployment

“There is an obvious link between long-term unemployment and low income levels. In countries with particularly high rates of long-term unemployment (i.e. more than 4 points above the European average), namely Spain, Greece, Italy, Belgium and France, this risk is regarded as a major contributory factor to poverty and social exclusion.”

Union responses to unemployment are “diverse”, the ETUC study notes. At the policy level, “there is still the strategy of prevention and of “repairing” active employment policies via national and international institutions (ILO, European Union, Council of Europe)”. But “in concrete struggles, unions have contrasting levels of collective commitment. These range from denial (‘it isn’t union business’) to strong, sustained commitments integrated to the greatest extent possible into collective, local, regional and national action”.

In fact, there are two issues here: how can unions help to reduce unemployment, but also how can they keep in touch with – and possibly organize – the long-term unemployed?

Responses to unemployment itself are generally part of the unions’ macroeconomic lobbying at the national and European levels – see below under “Lobbying government”. In general, unions press for policies that encourage productive investment, rather than speculation and “jobless growth”. They also favour active labour measures such as vocational training and retraining.

In many European countries, governments have been making access to long-term unemployment benefits more difficult and have taken tougher measures to ensure the “reinsertion” or “reactivation” of the registered jobless. While not always opposing these measures as such, unions do warn against “blaming unemployment on the unemployed”. They are also against forcing people into “junk jobs”. The vacancies offered to the unemployed must be good quality and properly paid, unions insist.

One policy option quite clearly does not work, the ETUC study says: “Wage moderation has not contributed to employment. On the contrary, it has had devastating effects:

- *Company profits, not to mention managerial remuneration, appear unreasonable, and the distribution of the fruits of higher productivity is seen as unjust.*
- *The growing incidence of low pay keeps purchasing power weak, thus affecting domestic demand and firms' level of activity, including the creation of jobs."*

On union contacts with the unemployed, over half the unions surveyed by the ETUC "report that members who lose their jobs keep up their union membership". Unionization of the unemployed generally remains high "when there is a very specific reason for it, such as when the union is responsible for paying out unemployment benefit or when membership helps in finding a new job". Most unions either do not charge unemployed members any dues at all or else offer a special rate – "generally 30 to 50 per cent of the normal trade union contribution".

Local trade union centres for the unemployed have proved their worth in a number of European countries. "They generally fulfil a dual function: they offer advice and services to the unemployed, and they act as a representative body by coordinating the demands of the unemployed as regards job creation, social security, leisure services, free public transport or cheap fares, etc." In some countries, the centres are co-funded by the local or national employment authorities.

Living in a "vulnerable" family

"The European statistics show that households made up of two adults and three or more children, as well as households composed of one parent with at least one dependent child, are at higher risk of social exclusion and poverty than are other types of household. Young people between the ages of 16 and 24 also show great vulnerability. Twenty-five per cent of them are living below the poverty line. Moreover, children living in surroundings of poverty are obviously also likely to experience less favourable educational conditions. They are also in poorer health, and have fewer opportunities to take part in social

and cultural life, etc. In a word, they are at major risk of ending up on the fringes of society, and thus being excluded from it. Often, poor literacy levels compound these problems."

Here too, unions' lobbying of governments on social issues is crucial – particularly on decent family benefits, income support and education. And many unions have special outreach programmes for young people – this also in the unions' own interests. The average age of trade union members in Europe has risen steeply in recent decades.

Disability

The risk of social exclusion posed by disability "is identified by virtually all EU Member States, and 97 per cent of European citizens think that more should be done to integrate people with disabilities into society. However, with the exceptions of Italy, Spain, Portugal, the United Kingdom and France, few countries ... have provided for specific measures with this aim in view".

Unions in many European countries have specific policies aimed at fighting discrimination against disabled workers.

In Denmark, the decision was taken to reduce poverty by promoting disabled people's access to employment. One element was to make both public and private employers shoulder their responsibilities by bringing in employment quotas. "But in parallel to that, particularly in the private sector, it was also a matter of promoting negotiation between the social partners, through a trade union awareness-raising campaign in favour of hiring people with disabilities, while maintaining the competitiveness of the enterprises (which, amongst other things, implies that the person is hired for a job – and/or is assigned a task – which corresponds to his or her aptitudes)."

Unions in Italy support local projects that train shop stewards and workgroups to understand the needs of disabled people, defend their rights – especially the right to a job – and secure appropriate access facilities in the workplace.

Bulgaria – poverty wages in the EU?

Bulgaria is one of Europe's poorest countries. It hopes to enter the European Union in 2007, but its average wages are lower than in all the EU Member States and Romania.

Poverty estimations by official Bulgarian sources vary widely, but an assessment by the Bulgarian trade union federation CITUB, using its own indicators,¹ shows that the situation is dramatic, even for those who have jobs. According to calculations by the CITUB-linked research institute ISTUR, 18 to 20 per cent of Bulgarian workers – some 550,000 people – are living below the poverty line.

Since the beginning of the “transition”, in the early 1990s, Bulgarian workers have seen the value of their earnings decline by 57.3 per cent. This growing poverty results from a combination of several factors: a major drop in the country's GDP, the crisis in its banking and financial system, privatizations and numerous businesses going into liquidation. But above all, it is due to galloping inflation, which reached 1058.4 per cent in 1997. Since the establishment of a Monetary Council that same year, inflation has been brought back down to a few per cent. Per month!

In fact, wage rates are now less than basic living costs. In the year 2000, the average wage was 238 leva (approximately €125 or US\$110), while living costs for the same period were 258 leva.

Massive wage arrears are also causing great poverty among workers in Bulgaria, as in a number of other East European countries. According to national statistics, at the end of June 2001, wage arrears owed to Bulgarian public sector workers had reached 43 million leva (about €22 million or US\$28 million at November 2005 exchange rates).

The pressure for wage moderation exerted by the international financial institutions (the IMF and the World Bank) was also decisive. But the neoliberal theory that wage moderation creates a favourable climate for employment growth was totally disproved on the ground in Bulgaria. Far from reducing unemployment, real wage moderation over the past two years has actually boosted joblessness. “Official” (i.e. registered) unemployment, which is considerably lower than “real” unemployment, rose from 14 per cent to 18-19 per cent over that period.

One further influence on poverty among Bulgarian workers is the current reform package which comes down to greater reliance on privatization in a whole range of fields, including health care, pensions, education and other public services.

Naturally, Bulgarian unions' priorities are wage policy and social benefits, and they are pursuing these issues in their negotiations both with the State and with the private employers. Each spring, the unions hold campaigns against poverty and unemployment, during which they submit proposals to Parliament and the Government. At the same time, awareness raising and organizing drives are held in enterprises within the informal sector.

While Bulgaria is keen to join the EU, the country's unions see few signs of the much-vaunted “European social model”.

“How can we continue to be proud of a country where the average wage is €150?” protests Konstantin Trenchev, President of PODKREPA trade union federation. “The progress made in terms of social legislation is obvious, but in practice it doesn't work,” explains Ekaterina Ribarova, head of European integration affairs at CITUB. The EU Commission's latest evaluation report agrees: “Bulgaria's efforts must now be focused on the effective creation of the implementation structures required in the areas of employment, the fight against discrimination, the promotion of equal opportunities and public health. It should also strengthen social dialogue and increase its financial resources.”

One issue pressed by the trade unions is the need for greater partnership in deciding how to use the funds allocated by the EU. From 2004 onwards, pressure from the social partners and from Brussels did get union and employer representatives into most of the subcommittees dealing with Bulgaria's use of pre-accession financial aid. “But we are never able to prepare properly for the committee meetings,” Ribarova says, “as we never receive the documents in time. On top of that, we cruelly lack the means and human resources required.”

After the EU admonished Bulgaria over the spending of funds, an “expert” came up with the suggestion that partnerships be established between administrative institutions and business circles “reputed for their flexibility and creativity”. Civil society groups were left out of the picture.

¹ They calculate the cost of living on the basis of a “shopping basket” consisting of 593 goods and consumer services needed for a normal existence. To define the poverty threshold, the reference point is a reduced “basket” of 77 basic goods and services, including a guaranteed intake of 2.400 kcal, the nutrition needed for a person's physical survival.

Health problems

“Countries such as Finland, Sweden, Spain, Greece, the Netherlands, the United Kingdom and Ireland emphasize the strong correlation between ill-health and the risk of poverty and exclusion.”

Unions across Europe continue to campaign for high-quality health care available to all, and either free at source or at least affordable.

The workplace itself is, of course, a major cause of ill-health and injury. Unions’ occupational health and safety work, and their campaigns against laxer regulation and inspection, are therefore also part of the fight against poverty.

Old age and retirement

Europe’s oldest citizens are frequently among its poorest. Workers who devoted their lives to building up the continent’s industrial strength are not the first to enjoy its fruits, particularly in societies where the family unit no longer includes the third generation. In many European countries, the financing of pensions is under threat – pensions which, in some cases, are already inadequate.

Pensioners have joined together in associations or unions, often led by retired trade unionists. At the European level they are grouped in the European Federation of Retired and Older People (Fédération européenne des retraités et personnes âgées -FERPA), which is affiliated to the ETUC.

“FERPA emphasizes the urgent need to establish a minimum income which can enable people to break out of the poverty spiral”, the ETUC paper reports. This would help many older people – for instance, “Greek pensioners who worked in agriculture and who, because of their flawed retirement provisions, have to turn to public assistance. 700,000 retirees are in this situation.” So FERPA launched a petition to have the right to a decent minimum income built into Europe’s Charter of Fundamental Social Rights. The petition has garnered more than a million signatures.

FERPA argues that an adequate European minimum would be:

- *for pensions, in each country, the equivalent of 50 per cent of its per capita GDP*
- *for wages, 60 per cent of per capita GDP*
- *for the guaranteed minimum income, 40 per cent of per capita GDP.*

Precarious living conditions and homelessness

“Ensuring access to decent accommodation is one way of combating isolation and exclusion. EU Member States see housing as a major problem. Countries such as Austria, Ireland, Italy, the Netherlands, the United Kingdom and Finland emphasize the importance of the problem posed by homelessness.”

ETUC affiliates report “various activities in which trade unions or union officials work either in ad hoc or permanent partnership with specialized associations” to assist the homeless. Union-run centres for the unemployed help their members find affordable accommodation, and also campaign on such issues as fair access to water, gas and electricity supplies. In some countries, unions help to organize tenants’ associations or housing cooperatives.

Immigration, ethnic issues, racism and discrimination

“The majority of Member States clearly identify ethnic minorities and immigrants as being at serious risk of exclusion and poverty. Denmark and Ireland, for example, are facing a growing influx of immigrants and have to step up their efforts to offer them suitable services and assistance. France, Spain, Portugal, Italy and the Netherlands have taken specific measures in an effort to address these problems.”

Immigration is nothing new in Europe. Unions there have a “wealth of experience built up over many years” on this issue, the ETUC points out. Although this is “often a difficult process beset by internal tensions and contradictions”, unions have always been to the fore in helping migrant workers “to improve their living and working conditions while at the

same time gaining recognition in working life, through the opportunity – often won through sheer persistence – to vote and stand for election in company and industry representative bodies (joint industrial councils) as well as trade union policy bodies”. Unions are also active in denouncing racism and campaigning against racist political parties.

And they run practical local projects to assist immigrants. In Mantua, for example, the three Italian labour federations CGIL, CISL and UIL joined together with the Lombardy regional authority to support a scheme which “helps immigrants find accommodation and work, promotes family reunification and provides other services”. In a working class district of Paris, the labour confederation Force Ouvrière has an advice bureau “with a specialized member of staff to deal with all immigration matters (right of abode, legalization, employment, etc.) and services (information, action, links with the voluntary community)”.

Political risks

As well as marginalizing the people directly affected and their families, poverty, low pay and unemployment can, of course, pose a threat to other workers’ living standards. They also raise political risks, the ETUC points out. “For several years now, the long-term unemployed, the working poor and the marginalized have been registering their protest by voting for xenophobic groupings of the extreme right.⁴ This is the case in France, Britain, Belgium, the Netherlands and eastern Germany (former GDR). These working class populations used to vote for communist or socialist parties. Now, they complain that they are no longer listened to by the political groupings nor by trade unions and associations that used to be alongside them in their struggles for emancipation.

“This poses very serious dangers for democracy in many European States.”

Lobbying government

As on other continents, one European trade union response to poverty is to lobby for better macroeconomic measures. This pressure has to be exerted on at least two levels. Organized labour in the EU may not have to contend with Poverty Reduction Strategy Papers, but it does operate within a system that gives ample scope for governmental buck-passing. When socially regressive measures are taken, national capitals and Brussels tend to point the finger at each other. So union representations on anti-poverty action have to be made in both the national and the European spheres.

Nationally, unions in Western Europe tend to press for the improvement of social provisions that particularly benefit the poor (various state benefits, unemployment coverage, health care, vocational training and retraining). Or, more often these days, to oppose cuts in those provisions. The word from most European countries is that the fight for social justice has not become any easier. The trend is towards fewer and tighter social benefits – a fact that governments variously blame on globalization and an ageing European population. In this regard, the ETUC “deplores the fact that the policies put into effect do not place enough emphasis on mechanisms for redistributing wealth, particularly through social protection (social security) and the tax system”.

Analysis by statistician Anne-Catherine Guio suggests that the unions are right to oppose social security cuts.⁵ “A comparison between the standard at-risk-of-poverty rate and the hypothetical situation where social transfers are absent shows that such transfers have an important redistributive effect that helps reduce the number of people who are at risk of poverty,” she notes. “In the absence of all social transfers, the poverty risk for the EU population as a whole would be considerably higher than it is in reality (40 per cent instead of 16 per cent).”

The Austrian think tank report agrees: “Social transfers are extremely important,

Britain – poverty hits one in five

"I am scared to be old and need help in this country now. My husband was the lucky one – he died. Even in death he had no dignity though; I had no money, so he went into a pauper's grave – and so will I."

"All they have in front of them is more of it – constantly taking it in turns to sell things, pawn things, use a credit card. All their children know is poverty, being told to keep quiet when the bailiffs call, then the screams and tears when they get in."

Two views from poor people today in one of the world's richest countries, the United Kingdom.

They come from *Making UK poverty history*, a brochure launched in October 2005.¹ Behind the booklet are Britain's Trades Union Congress (TUC) and also well-known international development campaigners like Oxfam. The TUC is very active in the fight against poverty, notably through the network of union-run centres for the unemployed.

"In Britain, one in five people is living in poverty", the brochure says. Many of them "go without basic necessities such as a warm coat and decent shoes", Poor children "are disadvantaged even before they are born. A child born into poverty is more likely to weigh less at birth, and is twice as likely to die before his or her first birthday, or to leave school without qualifications, than one from a more affluent family".

A strong link is made with international development issues. "Whilst material poverty is more severe in developing countries, the underlying causes, and the ways in which people are affected and the way they are treated, are very similar. In Britain, as in many other countries, there is unequal power and wealth and a lack of political will to put poverty at the top of the agenda."

But there are also some differences: "Two Indian community workers who visited poor areas of the UK in the 1990s observed that, although people appeared to be generally much wealthier in the UK than in India, poor people seemed much more stigmatized and demoralized, and often have a 'complete lack of hope'. There is a 'safety net of welfare which ensures you don't starve' but this also creates the 'illusion that things are not so bad'."

In Britain, one in four children, one in five working-age adults and roughly one in five older people live in poverty, the brochure says. Unemployment is one of the reasons: "Over three-quarters of individuals in households where the head or spouse is unemployed live in poverty." But "those in work are often poorly paid too – half of all children living in poverty have a working parent".

There are some signs of improvement – "the number of people living in poverty has started to go down in recent years owing to a number of government measures, particularly designed to help young children and families".

But "it looks increasingly likely that the Government will miss its first target of lifting 1 million children out of poverty by 2005, making it even tougher to meet the 2010 target without a fairer distribution of income. The UN's *Human Development Report 2005* praises the Government for its efforts to tackle child poverty since 1997, but argues it needs to consider raising taxes if that progress is to be kept up".

So ordinary people need to campaign against poverty, the brochure insists. But can alliances between unions and other organizations really deliver the goods for the working poor? The pamphlet tells a hopeful tale. Telco is a community organizing group in London. As well as local unions, it includes churches, mosques, schools and other civil society institutions. In 2003, Telco members attended the Annual General Meetings of two major banks, HSBC and Barclays, to ask that they pay a "living wage" to their contracted-out cleaning and security staff. This demand was initially rejected by the two banks, although the issue generated instant press interest, particularly when Abdul Durrant, a cleaner at HSBC, gave dramatic testimony about life on low pay in Britain's capital city. Part of the banks' argument against the living wage was that they already gave significant sums to charities in East London. "We want justice, not charity," a local bishop retorted. As a result of the persistent campaign, staff employed by contractors to the two banks were able to secure a wage almost 50 per cent higher than the legal minimum.

¹ Online at www.tuc.org.uk/welfare/tuc-10763-f0.pdf

as they reduce the number of poor people in Austria by more than half.”⁶

In Central and Eastern Europe, an additional union concern has been to ensure the introduction of pension and social security systems that offer the kind of protection needed within a market system. The ETUC has backed these efforts. “From 1999 to 2003, the ETUC engaged in training and information activities aimed at showing what real social security systems, based on sharing and solidarity, are like, and criticizing the reforms imposed by the World Bank. This was done on the basis of the standards of the ILO and the Council of Europe.”

A proper social safety net for Europe’s newer market economies is indeed a major ILO focus. An ILO survey in Hungary in mid-2001 showed that “poverty is heavily concentrated among households with unemployed individuals who want to work and are able to do so, whether or not they are classified officially as unemployed”. This implied that “the major instrument for addressing poverty lies outside the social welfare system itself in the creation of new jobs and development of new expertise and skills”. And yet, “given the magnitude of unemployment, even the most vigorous efforts at new job creation cannot be expected to have a significant short-term impact. Hence we must expect that the social welfare system will continue to play a key role in poverty alleviation in the years immediately ahead”. The survey also showed that “universal and social insurance benefits are more effective than targeted social assistance payments in addressing poverty among those who receive them”. So a key recommendation from the ILO-commissioned Hungarian experts was “a new approach to setting benefits and determining eligibility”. This “should involve, first and foremost, setting an adequate social minimum, sufficient to lift families out of poverty, whatever their size. In the past, such a procedure has never been part of the political process. Rather, the standard of eligibility and total sum to be spent on social assistance were determined entirely by budgetary considerations”.⁷

From 1995 to 2000, the ETUC and the platform of European social NGOs contributed to the elaboration of the EU’s Charter of fundamental social rights. In doing so, “they were inspired in particular by the standards systems of the ILO and the Council of Europe,” the ETUC paper says.

The ETUC also made efforts to give content, and contractual effect, to the cross-border European social dialogue.

Since 1990, “the ETUC has given concrete, continuous support to strengthening the capacities of unions in the countries of Central and Eastern Europe concerning the whole range of social policies (decent work, social security, a contractual and participative culture, the ratification and implementation of ILO and Council of Europe standards, participation in European Works Councils, information and training on social rights)”.

This experience “showed that social policies, backed by legal and contractual rights, are indispensable if civil, political, economic, social and cultural rights are to be put into effect and are to form the criteria for any policy aimed at fighting precariousness and poverty, by combining preventive measures and monitoring, together with acquired legislative and contractual rights”.

At the EU level, too, the ETUC has kept up the pressure for anti-poverty policies. “Since January 1974, the ETUC supported the measures taken by the European Union to combat poverty by means of pilot projects. At that time, there was a certain consensus on the definition of poverty.” More recently, the ETUC has been sceptical of EU anti-poverty efforts.

The Treaty of Amsterdam (1999) empowered the EU to “encourage co-operation between Member States through initiatives aimed at improving knowledge, developing exchanges of information and best practices, promoting innovative approaches and evaluating experiences in order to combat social exclusion”.

In May 2000, the European Council meeting in Lisbon noted that people were living permanently below the poverty

threshold and declared this state of affairs to be unacceptable.

“On that basis, a series of objectives and measures were decided (known as the Lisbon employment strategy), aimed at making Europe the world’s most competitive and dynamic knowledge-based economy, capable of sustained economic growth accompanied by the quantitative and qualitative improvement of employment and greater social cohesion. The promotion of social inclusion and therefore of action to eradicate poverty are essential elements of this strategy.”

But, the ETUC paper says, “this strategy, adopted in March 2000, was to end in a fiasco”.

In December of that year, “the European Union launched National Action Plans on Social Inclusion (NAPs/incl.), in order to identify the causes and consequences of social exclusion and poverty and to remedy them through close cooperation between the public authorities, the social partners and NGOs”.

Notes

¹ On average, 16 per cent of the population in the (current 25-State) EU were “at risk of poverty” in 2003, the latest year for which full data are available. This means that they were living in households with an “equivalized disposable income” below 60 per cent of the median equivalized income of the country they live in. “This figure, calculated as a weighted average of national results (where each country receives a weight that equals its total population), masks considerable variation between Member States,” notes the statistician Anne-Catherine Guio. “At one extreme, countries with the highest poverty rate are Slovakia, Ireland, Greece (21 per cent), followed by Portugal, Italy, Spain (19 per cent) and the United Kingdom and Estonia (18 per cent). At the other extreme, the share of the population at risk of poverty is close to 10 per cent in the Czech Republic (8 per cent), Luxembourg, Hungary, Slovenia (10 per cent), followed by Finland and Sweden (11 per cent), Denmark, France, Holland (12 per cent) and Austria (13 per cent). The remaining countries face inter-

mediate poverty rates close to the EU average.”, *Statistics in Focus*, 13/2005, Eurostat. http://epp.eurostat.cec.eu.int/cache/ITY_OFFPUB/KS-NK-05-013/EN/KS-NK-05-013-EN.PDF

² *Pauvretés et précarités en Europe et actions syndicales*, a background paper prepared by the European Trade Union Confederation (ETUC) for the ACTRAV symposium in October 2005. Throughout the present article, “ETUC paper” and “ETUC study” refer to this document.

³ *Armuts- und Reichtumsbericht für Österreich*, Österreichische Gesellschaft für Politikberatung und Politikentwicklung, Vienna, July 2004. Published by the Austrian Railway Workers’ Union on its website: www.eisenbahner.at/servlet/BlobServer?blobcol=urldokument&blobheader=applicationper cent 2Fpdf&blobkey=id&blobtable=Dokument&blobwhere=1091532922631

⁴ Certainly, the European ultra-right parties that have made the biggest electoral inroads tend to combine their anti-immigrant rhetoric with appeals to the “national” working poor. When ultra-rightist Jean-Marie Le Pen came second in the first round of the French presidentials in 2002, one French newspaper ran the headline *Job Insecurity Boosted Le Pen Vote*. The Force Ouvrière labour federation agreed, noting that “in February, a report from the National Observatory on Combating Exclusion showed that 4.2 million people are living below the poverty threshold (560 euros per month in 2001). This figure has remained stable over the past 5 years while the GDP, the indicator of this country’s wealth, went up by an average of 3.1 per cent per year between 1997 and 2000. This report also emphasized that those in precarious or part-time jobs make up a third of the wage-earning population, to say nothing of the many retirees living on the basic pension (460 euros)”. Force Ouvrière concluded that it had a double task ahead of it: “fighting the extreme right” and “clearly affirming our demands”. www.force-ouvriere.fr/index.asp?lk=s&id=139&theme_choisi=Org.per cent 20per cent 20Conventionsper cent 20collec.

⁵ op. cit., see note 1.

⁶ op. cit., see note 3.

⁷ *Combating Poverty and Social Exclusion – Volume 1 – A Case Study of Hungary*, Zsuzsa Ferge, Katalin Tausz, Ágnes Darvas, ILO SRO Budapest, 2002. www.ilo.org/public/english/region/eurpro/budapest/download/combating_poverty_vol1_eng.pdf. This is one of a series of detailed studies of social security and pension reform in Central and Eastern Europe, published by the ILO’s Budapest Office. See www.ilo.org/public/english/region/eurpro/budapest/publ/social/socsec.htm

International Workers' Symposium on "The role of trade unions in the global economy and the fight against poverty"

(Geneva, 17-21 October 2005)

"Fight Poverty – Organize!"

Summary and Conclusions

The International Workers' Symposium on "The role of trade unions in the global economy and the fight against poverty", having met in Geneva from 17 to 20 October 2005, reached the following conclusions:

General considerations

1. According to ILO estimates, 1.39 billion workers worldwide – almost half of the world's total workforce, and nearly 60 per cent of the workers in the developing countries – do not earn enough to lift themselves and their families above the US\$2 a day poverty line. Millions of workers have no direct representation, no social protection and engage in survival activities. Inequality between and within countries is increasing. Indeed, the vast majority of people are not sharing in the benefits of globalization and shaping it.

2. Trade unionism is a means for workers to liberate themselves from poverty and social exclusion. Workers use trade unions as their representative voice to demand their rights and improve their living and working conditions. The formation of trade unions was a reaction against the mechanisms of pauperization, notably: low pay, long working hours, child labour and generally appalling working conditions. And so trade unionism has always been about eradicating poverty. The sym-

posium recalls this historical, as well as the current role of trade unions, to fight against poverty and to promote social justice in the global economy.

3. Hence, the central message of the symposium, "Fight Poverty – Organize!": this means that trade unions become an even more effective tool for workers to escape poverty, exploitation and the violation of their basic human dignity. It also means organizing collective bargaining and other forms of negotiations and creative social dialogue and engagement. Furthermore, it means organizing effective trade union participation in the design and implementation of public policy based on the priorities of our members and ILO Conventions. Finally, it means engaging in the struggle for democratic governance, decent employment and quality public services, with full access for the unemployed, underemployed, and working poor.

4. The symposium observed the United Nations International Day for the Eradication of Poverty (17 October) and renewed its support for the Global Call to Action against Poverty. The key demands of the GCAP for more and better aid, debt cancellation, trade justice, national-level action, the respect of workers' rights and the creation of decent work for all, were fully endorsed.

Summary of Proceedings

Overview of the state of the global economy and the fight against poverty

5. Participants examined the state of the global economy and the challenge of poverty eradication, the progress and future opportunities in connection with the Millennium Development Goals, and policy debates regarding global governance and coherence, debt cancellation and financing for development.

6. Delegates observed a moment of silence for the thousands of victims of the recent natural disasters in various regions of the world. Natural disasters often have the greatest impact on the poor. The effects and responses to disasters are elements that reflect human failure in ensuring social justice and fair distribution of wealth and resources. Reports and testimonies were presented to the meeting showing that 800 million people each day go to bed hungry and millions of working people do not earn enough to lift their families out of poverty.

7. Incoherence in global policies often reflects incoherence at national level. This includes contradictory approaches by international agencies. Governments also sometimes abdicate their responsibilities in the face of the globalizing economy and sign international commitments like the MDGs, without implementing the measures at home. These and the unjust rules of international trade and investment were among the underlying causes of continuing poverty identified by the meeting. While participants stressed the unique role of the trade union movement in ensuring a fair distribution of the benefits of economic growth and productivity and in making sure that the burden in times of crisis is evenly shared, they noted that in too many countries the trade unions remain under attack by governments and employers alike.

8. Debt cancellation, fair trade, the full implementation of the MDGs and other anti-poverty plans and recommendations drawn by institutions such as the World Health Organization, the G8 and the World

Commission on the Social Dimension of Globalization, set up at the initiative of the ILO, were among the key demands expressed by delegates during their overview session. Decent work, good governance and respect of international labour standards all form part of the solution to the poverty crisis.

9. Delegates noted that, as a general rule, it is where trade unions are the strongest that poverty and inequality have best been reduced. International labour standards are not a result or a side effect of economic progress, they are an engine of sustainable development. Freedom of association and the right to collective bargaining and collective action are major tools to give the poor a voice in combating poverty and are vital for the ILO's own role in promoting social justice.

International financial institutions (IFIs) and poverty reduction

10. The Symposium is concerned that, through the IFI "advice" to many low and middle-income countries, globalization continues to benefit a minority with the bulk of the world's population left behind. Despite growth in some countries, with unprecedented profit margins to corporations, unemployment, poverty, inequalities and low wages have remained the order of the day. Moreover, the income inequalities are not being reduced between the North and the South, or within countries and regions both in the North and in the South.

11. The IFI structural adjustment measures are against the social needs of the workers and their families and the population at large. It is becoming clear that neoliberal macroeconomic dogma alone cannot lead to long-term development in the developing world. It was noted that many IMF/World Bank adjustment "packages" have included various anti-poor and anti-labour policy reforms (particularly privatization of public entities, cost sharing in education and health facilities, wage restraint, retrenchments, price liberaliza-

tion, decline in real wages, substantial arrears in payment of wages, non-payment of workers' redundancy benefits, and elimination of fringe benefits and labour welfare and protection measures). Unless the IFIs change their policies, poverty will not be eradicated from the face of the earth.

12. In a self-evaluation of their policies, the Bank and the Fund have started to acknowledge their shortcomings, particularly the effects of some of their policies on social development and the need for policy space in development strategies. There seems to be some progress as a result of IFI/trade union dialogue over the years. For instance, the Comprehensive Development Framework (CDF), operationalized through the PRSP process, stresses the mutually reinforcing nature of economic and social development. However, while there is a commitment on paper and on the part of senior IFI management, it is still very rare that country-level operations take these principles into account.

13. While conditionality has been "streamlined" and reduced, it has in most cases simply been consolidated. For instance, conditionality for reaching the HIPC "completion point" is still pegged to more austerity on the part of governments, with the social sector being the main one to be starved of much-needed resources. On the positive side, developments in the provision of debt relief to poor developing countries are welcome.

14. Labour matters must be seriously considered by the IFIs: efforts through the IFI/trade union/ILO policy coherence dialogues should be continued; IFC commitments to core labour standards; joint IFI and trade union capacity-building activities; as well as trade union secondments and studies.

15. There remain a number of contradictions within the IFIs. For instance, while the 2006 World Bank's *World Development Report 2006: Equity and Development* underlines the importance of trade unions in promoting equity, its flagship report *Doing Business 2005*, tends to reward countries with "flexible" hiring and firing

provisions. With regard to labour market policies, the tendency and advice have been to support labour market flexibility, the dismantling of pension schemes, and so on. The IFIs have not adequately underscored the importance of labour market institutions, particularly the role of trade unions in national development.

Trade unions and Poverty Reduction Strategy Papers (PRSPs)

16. A total of 49 low-income countries have developed Poverty Reduction Strategies (PRSs). Participants welcomed the increased focus of the IFIs on poverty reduction in their cooperation with low-income countries and the following conclusions were reached:

17. The principle of **country ownership** of PRSs as well as full involvement of social partners in that process is important. However, the ownership process is constrained by the conditionality which is still linked to World Bank and IMF funding. Furthermore, governments tend to produce PRSPs which they think the IFIs would prefer in order to expedite resource allocation. Lack of prioritization in PRSPs also encourages external interference in country-driven policies.

18. The quality of **participation** in PRSPs remains an important concern. The lack of freedom of association and a tendency of governments to prefer consultation to effective participation makes the participatory process in many countries meaningless. Even though trade union participation in the formulation of PRSPs has somehow increased and its quality improved, the role of unions in the implementation, monitoring and evaluation of PRSPs needs to be strengthened. A major challenge facing unions was the need to expand their capacities in socio-economic policy in order to ensure an effective participation in PRSs. In this regard, Poverty and Social Impact Analysis is an important instrument that unions could use.

19. A range of **policy issues** was identified as being important if the PRSP process

was to lead to effective reduction in poverty in low-income countries. A first issue was the importance of policy space, particularly in relation to macroeconomic policy, in order for countries to map out their own development policies outside the narrow constraints of the “Washington Consensus” disciplines. Another important issue identified was the importance of aligning PRSPs with Medium-Term Expenditure Frameworks and Budgetary processes. Finally, participants stressed the absolute importance of making the creation of decent work a central preoccupation of PRSPs.

20. The lack of **coherence** between PRSPs and other policies, notably trade policy, was also identified as an issue of major concern. In this regard, coherence of global policies with the national policies was stressed. This coherence was further underlined in terms of the need for alignment of donor policies to national PRSPs.

21. Finally, participants stressed the importance of **trade union engagement** in PRSPs and the necessity to work towards the institutionalization of social dialogue in socio-economic policy. Furthermore, unions had to play an active role to ensure good governance as well as transparent use of resources derived from debt cancellation and increased aid.

Freedom of association is essential for social progress

22. Participants stressed that labour standards, in particular those dealing with freedom of association and collective bargaining, are crucial in securing decent working conditions and social progress. In this respect, certain categories of workers, most of whom are women, are particularly vulnerable to denial of, or restriction to, basic rights. These include workers in the export processing zones, those in the informal economy, in the rural sector, migrant workers and domestic workers. It was felt that reaching out to these workers was particularly important in the trade union fight against poverty.

23. Examples of trade union campaigns in South Africa and the Dominican Republic testified to the intensity of the struggle that has to be waged and to the challenges confronting trade unions including anti-union repression, unfair dismissals, poor working conditions, lack of social protection, absence of health and safety measures, low wages, etc.

24. Organizing workers and defending their rights remains a dangerous business. The annual survey of the International Confederation of Free Trade Unions (ICFTU), released on the opening of the meeting, says that a total of 145 people worldwide were killed in 2004 due to their trade union activities, 16 more than the previous year. The report documents over 700 violent attacks on trade unionists, and nearly 500 death threats. It says that “trade unionists in many countries continue to face imprisonment, dismissal and discrimination, while legal obstacles to trade union organizing and collective bargaining are being used to deny millions of workers their rights”.

25. Restrictions on freedom of association range from obstacles in labour legislation (in particular for the rural sector and the informal economy) and administrative hindrance, to outright attacks and abuses by unscrupulous employers and governments. Restrictions on the right to collective bargaining also result in undermining the basic mechanism to ensure fair distribution of incomes and equality.

26. The ILO supervisory mechanisms play a significant role in addressing situations of abuses although participants felt that procedures were often too long and let a number of governments get away with violations of workers’ rights. Participants stressed that freedom of association is essential for the defence and promotion of the interests of the poor. It was felt that trade unions should develop innovative means of reaching out to the unorganized workers, integrating them in the trade union movement, including through networking with organizations active in the informal economy that share the trade union movement values. Special attention should be

paid to workers who find themselves in a disguised form of employment as a result of subcontracting or other dubious arrangements by employers.

Tripartism and social dialogue for poverty reduction

27. Freedom of association and the right to collective bargaining are the bedrock on which social dialogue is built. Social dialogue cannot exist without respect for freedom of association and without independent trade unions and employers' organizations. Social dialogue is both a means and a process to reach solutions to conflicts and problems in the world of work. In order to have a sound social dialogue, four basic conditions have to be satisfied: first, workers and employers should enjoy the full right of freedom of association; second, there should be strong and representative workers' and employers' organizations; third, the rights and responsibilities of both employers and workers should be recognized; fourth, mechanisms for negotiations and grievance procedures should be clearly set in place.

28. However, a distinction has to be made between civil and social dialogue. Social dialogue involves representative organizations responsible for workplace issues, in other words, the social partners. Civil dialogue involves a broader range of organizations, advocacy groups, and issues. Reference was made to the Resolution on Tripartism and Social Dialogue adopted by the ILC in 2002 which reaffirmed that tripartism is the main pillar of the ILO.

29. Recently the ICFTU and the IOE have been engaged in a number of areas of activity, including the fight against HIV/AIDS. Social dialogue can take advantage of our practical experience in order to improve people's lives at the national level. Tripartite and bipartite mechanisms at the international level and successful examples of it at national level might serve to establish such practices in countries

where the culture of tripartism is weak. A number of examples were given where social dialogue, through negotiations, has produced substantial results in the building, construction and forestry sector, such as in the areas of forest certification, occupational health, HIV/AIDS and child labour. On these issues and others, it is important that global action be combined with local action.

30. Social dialogue is important in the fight against poverty. In countries where there is no culture of dialogue, there is no industrial peace, or simply peace, and civil conflicts destroy lives and employment. Social dialogue will thrive where there is democracy, good governance and political will. Solidarity and fair redistribution of wealth are essential. Tripartite structures at national level need to be strengthened and their decisions should be binding. In this context, all countries should ratify and apply Conventions Nos. 87, 98 and 144. The Agreement concluded in Niger by the Government and the social partners is a useful example in confirming that collective bargaining is the highest form of social dialogue. In the fight against poverty, it is important to take into account sustainable development and environmental conditions.

31. Support was expressed for trade unions pulling themselves together to build strong national trade union centres. Governments should provide a well-balanced legislative framework to promote tripartism, collective bargaining and social dialogue. The important work of the ILO Committee on Freedom of Association, whose composition is tripartite, has been emphasized and recognized by trade unions and employers' organizations alike.

More and better jobs for poverty reduction

32. This session focused on several aspects of the expansion of inequality. Gender inequality is widespread and multi-dimensional. Some aspects of the problem include:

- (a) Higher unemployment rates for female workers;
- (b) Concentration of women in work that is not paid and not included in measures of economic activity, such as home work and caring activities;
- (c) The high proportion of females being paid below minimal wage levels; female formal employment is concentrated in occupations and sectors that are low-paid and have poor working conditions (e.g. textiles);
- (d) A disproportionate number of female workers are forced to accept work in the informal economy in order to survive, where wages and working conditions are extremely poor;
- (e) In many countries women are discriminated against and often lose their jobs if they become pregnant;
- (f) A disproportionate number of female workers have no access to social security.

33. Gender inequality has been exacerbated in many countries because of the effects of privatization and reduced public spending on health, education and other social services. Reforms in public policies are required to reduce gender inequality and expand access of women workers to credit, land, and other resources. The promotion of financial independence for women is essential. Access to universal free education would greatly assist the reduction of gender inequality.

34. Trade unions have a major role to play in helping to reduce gender inequality. Most unions need to make their policies and programmes more attuned to the needs of female workers. The election of more women into key leadership positions within trade unions should be an urgent priority.

35. This session also examined the relationship between growth, employment and poverty reduction. Economic growth was seen as a necessary, but not sufficient condition for poverty reduction. Countries

that had significantly reduced poverty had combined growth with structural change. In particular, those developing countries that had expanded their manufacturing sectors and reduced reliance on the agriculture sector had performed best. In the best examples structural change of this nature led to higher incomes for workers, this in turn facilitated greater education, and the acquisition of higher skills leading to productivity improvements. In this way, a virtuous circle was generated.

36. The third topic reviewed in this session was income inequality. The ILO was urged to focus much more attention on the problems of widening income inequality and to provide policy advice to reverse these trends. Evidence showing that income redistribution is compatible with faster economic growth was cited. Policies that were suggested on income redistribution include suitable and increased access to social security minimum wages, a more progressive tax structure, land reform, low wage subsidies, and subsidies for basic needs. A gender approach has to be taken into consideration in formulating and implementing all these policies.

Extending social protection to the poor and the excluded

37. Poverty is the cruellest form of social insecurity. Today 20 per cent of the world's population live in extreme poverty. Only 20 per cent of the world's population has access to adequate social security and every year about four million children under the age of five die as a consequence of poverty. It would need only 2 per cent of global GDP to provide all people with basic social security. Most countries can finance this from their own resources. Some will need international transfers.

38. Extending social security can be achieved in three ways:

- (a) Extending existing social insurance schemes;
- (b) Introducing community-based schemes;
- (c) Extending tax-financed public schemes.

39. In particular, for the very poor, the extension of existing insurance schemes might be difficult as they can hardly contribute. Community-based schemes have clear limitations as they are often not able to fund the full costs of health care and there are very few examples of successfully scaling them up. Therefore, these two options need to be supplemented with tax-funded redistributive public schemes.

40. Participants identified the following **political challenges**:

- (a) **Determining fiscal space**: Social security is instrumental for cohesion and hence for social peace in any society. It is therefore as much a productive factor as a cost. It is a myth that there is no fiscal space for social security. There is a convincing case for investment in social security for societal development.
- (b) **Defining priorities**: As resources are also always scarce, society has to define the priorities on how to address poverty most effectively. People who starve today cannot wait for economic growth to trickle down. Under these circumstances, putting social security into a provident fund to avoid old-age poverty in 20 years might also be less efficient than investing in health care today. Some choices need to be made.
- (c) **Managing equality, inequality and solidarity**: Wealthy groups in society will always ensure additional social protection for themselves. The key policy question is the balance between income inequality, group solidarity and universal solidarity. It is the degree of inequality that needs to be managed by public policies.

41. Providing social protection is as much an implementation issue as an issue of political will and vision. How to tax the informal economy in practice, and how to deliver services to people in the informal economy requires good public governance and new and flexible approaches that take the specific employment realities of informal economy workers and their families into account.

42. The discussion showed that on all three levels trade unions could play an essential role. In many countries, civil society at large and trade unions in particular are today not strong enough to defend and enlarge the fiscal space for social policies. This requires not only increasing mobilization but also technical expertise to design adequate policies and to analyse and monitor public budgets.

43. The decision about priorities in social policies can only be fair if all groups in society are represented and a fair debate can be conducted. Trade unions are in most cases representative organizations.

44. However, trade unions are sometimes themselves caught in the tension between group solidarity among their members and a broader concept of solidarity with all people in society and even beyond national boundaries.

45. The debate showed that universal coverage is possible, but the fiscal space can only be won through political will, capacity and participation of those currently disadvantaged. Trade unions, as workers' representatives, will have an impact on the policy debates at national level, particularly if they are able to organize and represent an important part of the working population.

46. The technical expertise of the ILO should support trade unions in building up the technical expertise to engage in policy debates on sustainable and universal social protection for all. The ILO should help to build capacity for trade unions to analyse, benchmark and monitor the potential and performance of social security systems.

Trade unions, the ILO and technical cooperation

47. Participants engaged in a dialogue with the ILO (Department of Partnership and Development Cooperation (PARDEV)) and representatives of donors (Governments of the Netherlands and Sweden) on key issues regarding priorities of trade union organizations to be matched with

ILO and donors' priorities and objectives for their inclusion in the ILO technical cooperation programmes. From this dialogue came out a convergence of views between the three partners on what should be the challenges to be addressed by the ILO technical cooperation programmes as follows:

- (a) Strengthening institutional and educational capacity of trade unions in the areas of freedom of association and collective bargaining, organizing, child labour, gender equality, occupational safety and health at work, HIV/AIDS, informal economy and decent work for young people, impact of IFIs' policies on poverty, migrant workers, outsourcing, social dimension of globalization, labour law reforms (including pensions schemes), research and policy analysis;
- (b) Increasing participation of trade unions in Decent Work Country Programmes and Poverty Reduction Strategies;
- (c) Mobilizing resources with the involvement of trade union organizations in donor countries and beneficiary countries with the support of the ILO.

48. With a view to ensuring that ILO technical cooperation works for workers and their organizations, it was stressed that it is necessary to design and implement good strategies including networking nationally, regionally and globally, consultations and exchange of information at all levels, assessing and analysing problems, designing and developing a results-based approach programme on the basis of strategic planning.

49. It has been recommended to pursue the dialogue between ILO, donors and trade unions within the ILO through ACTRAV and in the donor and beneficiary countries to make sure that trade union and tripartite priorities are the core of ILO technical cooperation programmes funded with ILO extra-budgetary resources and regular resources. In this regard, institutional mechanisms should be set up within the ILO, in beneficiary countries and as far as possible in donor countries to facilitate this dialogue.

Recommendations

50. Participants call on **governments** to:

- (a) Fully respect and promote workers' fundamental rights to freedom of association and collective bargaining as a means of ensuring a fair distribution of economic growth and incomes.
- (b) Ensure the full implementation, at national level, of the Millennium Development Goals for which it is necessary for governments, inter alia, to increase their social sector expenditure.
- (c) Consider ways of mobilizing additional resources for development aid, including through international taxation.
- (d) Reform public policies and to increase access of female workers to credit, land and other resources. Labour market and wage policies should be reformed to reduce gender inequality.
- (e) Ensure that the goal of employment-intensive, pro-poor growth is pursued. The central role of decent work needs to be underscored in all IFI programmes.
- (f) Put in place progressive tax systems, providing for fair contribution to their country's economy of the different economic actors.
- (g) Initiate activities at national, sub-regional, regional and international levels in line with the recommendations of the World Commission on the Social Dimension of Globalization, in particular regarding global policy concerns.

51. Participants call on **international financial institutions** to:

- (a) Ensure that their policies and programmes promote decent work and the implementation of international labour standards.
- (b) Engage in the policy coherence initiatives with the ILO, in close collaboration with trade unions, employer organizations, and ministries responsible for

labour, and to recognize the importance of international labour standards as an integral part of IFI policy advice.

- (c) Guarantee the implementation of the pledges made by the G8 leaders concerning the total cancellation of the debt, to increase development assistance and to eliminate conditionality associated with loans.
- (d) Have the central objective of decent work and employment creation for poverty alleviation.
- (e) Expand the criteria for the IFI Country Performance Indices (CPI) to include human and trade union rights issues.

52. Participants call on the **International Labour Office** to:

- (a) Expand its advice and technical assistance on industry and trade policy reforms that are required to promote the expansion of the manufacturing sector in developing countries.
- (b) Significantly expand its research on the causes and consequences of widening income inequality. The ILO should also expand its advice and technical assistance on policies designed to redistribute income and reverse the widening income inequalities generated by globalization.
- (c) Contribute to the strengthening of social dialogue at international level through better awareness and evaluation of the potential of corporate social responsibility, in line with the Tripartite Declaration on Multi-National Enterprises and Social Policy.
- (d) Reinforce its work in the area of poverty and prioritize the reinforcement of the capacities of the social partners to ensure that decent work is central in PRSSs.
- (e) Ensure respect for regular tripartite revision mechanisms for minimum wages to ensure the maintenance of workers' purchasing power.
- (f) Support the activities of sectoral trade unions in their efforts to promote collective bargaining at the industry level.

53. Participants call on the **ILO Bureau for Workers' Activities** to:

- (a) Strengthen its economic advice to trade unions, in particular its "PRSP Programme", through, inter alia, the strengthening of the institutional capacities of trade unions in the relevant countries and in a number of policy areas.
- (b) Promote better coordination and complementarity in North-South trade union cooperation.
- (c) Develop a programme of work on "Organizing" with the aim of supporting trade union organizing and bargaining strategies and their institutional capacities at various levels.
- (d) Review and strengthen its Workers' Education programme.
- (e) Work closely with trade union research, education and international departments to:
 - Analyse the differences between the World Bank and ILO technical cooperation;
 - Analyse the extent to which the policies of international financial institutions and the WTO coincide or contradict ILO's policies.

54. Participants commit **trade unions** to:

- (a) Improve policies and programmes to focus more on issues and services that are priorities for female workers.
- (b) Organize a global event to call attention to demands of trade unions in favour of decent work as part of the movement struggle against poverty.
- (c) Ensure a much larger proportion of leadership positions are filled by women.
- (d) Maintain the pressure on the IFIs, to ensure, in collaboration with the ILO, a rights-based approach in so far as the formulation, implementation, monitoring and evaluation of programmes are concerned.

- (e) Campaign at national level and demand full involvement in the PRSP process.
 - (f) Continue to advance the role of trade unions in their active and direct contribution to defend the rights of all workers, particularly the poor and vulnerable working women and men in the world.
 - (g) Actively campaign to ensure that the ILO objective of decent work is pursued at the national level.
 - (h) Develop capacity training programmes to clearly establish the link between combating poverty and collective trade union action.
 - (i) Develop specific activities and programmes to reach out to unorganized workers, particularly women. In this respect, attention should be paid to issues directly affecting women such as sexual harassment, maternity protection and equal remuneration. Measures should also be put in place to ensure that women have access to decision-making positions in trade union structures.
 - (j) Promote good democratic governance and effectively fight corruption.
 - (k) Develop programmes to address the specific concerns of rural workers, workers in export processing zones, and migrant workers in an effort to organize them.
 - (l) Microcredit and micro-insurance schemes should be developed by trade unions for workers in the informal economy, but without losing the goal of establishing a fully fledged universal social protection system.
 - (m) Work on a tripartite basis, and with other organizations involved in the informal economy, who share independent democratic values.
 - (n) Contribute to efforts aimed at establishing cooperatives as sources of employment for vulnerable groups of workers, with a view to lifting them out of poverty and promoting their rights.
 - (o) Place poverty on the agenda of social dialogue (bipartite and tripartite) in the various countries.
 - (p) Develop new and innovative ways to help workers organize and join trade unions.
 - (q) Disseminate the Report of the World Commission on the Social Dimension of Globalization and mobilize support for the full implementation of its recommendations.
 - (r) Actively encourage young workers to join trade unions.
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