

IMF Strategies for an Alternative Globalisation

Preamble

The IMF Congress decided in Sydney 2001 to support the Action Program's emphasis on the impact of globalisation and its effects on our members. This placed a great responsibility on our organisation to support concrete action for economic alternatives that would challenge globalisation and its negative effects on workers.

This background paper reflects such alternatives based on the four pillars of an economic program as follows:

- * job creation and purchasing power;
- * regulation of capital movements, including a Tobin Tax,
- * debt cancellation, and
- * reform of the World Trade Organisation (WTO) and international financial institutions (IFIs)

Policies on economic alternatives have been extensively discussed, debated and agreed upon by the IMF and the Global Unions for some time now. This paper is a reflection of these policies and will serve as the basis for any action decided upon by this Central Committee.

The paper is therefore merely a background document to assist us in our discussions on how to mobilise our affiliates in support of such economic alternatives. Clearly such mobilisation has to be done in conjunction with the ICFTU and we should make every effort to elicit the support of the other Global Union Federations (GUFs) as well.

The Central Committee should set targets and earmark the required funds for activities to be implemented in 2004 and leave to the Executive Committee to decide on actions for 2005.

1. Globalisation

1. The guiding principle of the globalisation we are witnessing is that markets must simply be deregulated, globalised and capital allowed to move freely to the fullest extent possible for beneficial consequences to follow. At this point, **there is overwhelming evidence**, (some of it even provided by the International Monetary Fund and the World Bank, who have assiduously implemented neo-liberal policies) **that the promised benefits have by-and-large failed to follow**, and that in fact adverse results are achieved in many instances.
2. This is no surprise, because globalisation and its consequences are not reducible to economics. **Globalisation has social, cultural, gender and political dimensions, which must be specifically addressed.** Economies do not operate in a vacuum, and unless the appropriate institutional infrastructure exists and policies/programmes are subject to democratic processes and social dialogue there will at best be sub-optimal gains and at worst negative consequences.

1.1 Alternative goals

3. **Our goal must be equitable and sustainable growth and development.** Economic growth is not synonymous with economic development. Neither growth nor development is necessarily equitable or sustainable, as the results of the current globalisation show.
4. To raise living standards, economic growth and development must provide **sufficient decent work for all**. In addition to maintaining and generating quality employment in manufacturing, and metalworking in particular, this must include work outside of private enterprises such as in the public sector, in traditional artisanal occupations, and in

agriculture. Long-term decent job creation is only possible if the underlying economic growth and development are sustainable.

5. Equitable and sustainable development must be based on fundamental democratic rights and bring about **positive changes in societies and their institutions**, including their cultural, political and gender aspects.

1.2 The factors and institutions we must influence

6. Before presenting strategies for altering the direction of globalisation, it will be useful to outline the main factors and institutions that determine the current direction of globalisation and to indicate briefly how they do so. An effective program for alternatives needs to address each of these factors.

Technology

7. Globalisation depends strongly on certain **technological developments**, especially in the fields of transportation and communications. The more efficient and cheaper these enabling technologies are, the greater the speed and scope of globalisation.
8. The received economic wisdom would leave the direction of technological developments to corporate-driven market incentives. However, this will not ensure that technologies are environmentally sustainable or do indeed contribute to the broader goals we have set. Consequently, **participatory decision-making and democracy must gain an increasingly important role in directing technological developments.**

Transnational capital

9. Private enterprises and their owners have always been an important influence on national governments. Now that many enterprises sell in more than a single national market and increasingly develop global production networks, their influence becomes transnational as well, and extends far beyond economics to cultural, social and environmental policies.
10. Nevertheless, transnational capital is by nature an economic agent. Its profit-driven approach to the world characterises the globalisation it promotes. **Transnational capital must be pressured to adequately take account of the social and environmental consequences of globalisation and to ensure a fair distribution of any economic gains.** Whenever possible this should be done through dialogue and negotiation with transnational corporations (TNCs) and should lead to **international framework agreements (IFAs)**, but if necessary we must be ready to engage in social struggles to redress the imbalance in corporate policies.

Global institutions of governance

11. The lending policies and international agreements negotiated by the IFIs and the WTO are key factors in promoting and shaping globalisation.
12. Given the powerful political influence of transnational capital, it is not surprising that the IFIs and the WTO have more power to shape globalisation than the more socially and politically oriented United Nations (UN) System. In effect, the global economic institutions promote a corporate globalisation agenda. With respect to the global institutions then, **we must ensure that the social and environmental dimension is sufficiently reflected in the programs and policies of the IFIs and the WTO, and work to strengthen the influence of the UN.**
13. The gender-neutral approach taken by the institutions of global governance hides the institutionalisation of gender inequality in their policies. Yet globalisation has a different impact on men and women. Because of existing inequalities in the distribution of male and female labour, export strategies based on low-wage labour widen the income gap between men and women. Privatisation and cuts in social spending impact differentially on women as unpaid carers and household labourers. **We must therefore ensure that the lending policies and agreements of the IFIs and the WTO integrate a gender perspective.**

National and Regional Governance

14. Although one of the consequences of globalisation is to diminish the scope of national policies, national governments and political processes, policies, and political parties can influence globalisation in a decisive way. That is why **the national political arena must continue to be a top priority in our attempts to redirect globalisation.**
15. **It is extremely important for the International Confederation of Free Trade Unions (ICFTU), the GUFs and social movements to influence the rules and regulations of regional trade agreements to ensure equitable and sustainable growth results..**

Social movements and organizations

16. Finally, and very importantly, there are social movements and activist organizations that influence globalisation. These include trade unions, as well as organisations of civil society dedicated to sustainable development, the environment, human rights, gender equality and the protection of individuals in the informal economy.
17. Many democratic and progressive organisations in the movement that is part of the World Social Forum share the trade union critique of neo-liberal globalisation, believe in solidarity and collective action, and emphasizes the importance of common values and public spaces, goods, and services.

2. Policies for an alternative globalisation

18. Policies and agreements at all levels (national, regional, and global) must seek to **promote broad-based sustainable economic demand, sustainable and socially efficient production, and an equitable distribution of economic gains.** They must recognize that the provision of decent work for all is an essential means to this end. They must also aim to **promote human rights and democratic processes, and preserve cultural diversity and public goods and services.**
19. Reaching our goals requires **a new approach.** We cannot confine ourselves to reiterating only those issues that are central to a labour agenda, such as workers' rights, protection of employment, which will not alone suffice to add a social dimension to globalisation. **A coherent overall strategy needs to be implemented by the trade union movement in all sectors, under a strong leadership by the ICFTU.** And finally, to succeed against the combined power of TNCs and neo-liberal/conservative governments, **we will need to work with a broad range of social movements who share the trade union movement's fundamental democratic values and aspirations,** which necessarily implies an agenda that can unify a large coalition.

Towards equitable and sustainable growth and development

20. Human and worker rights and participatory democracy are indispensable enabling elements of a program for equitable and sustainable growth and development, but they are not its totality. The four pillars of such a program, as noted in the preamble, must include the following elements:

Job creation and purchasing power

- a. **A global stimulus plan** must be put in place with full employment as main policy goal. The current pressure towards restrictive economic policies (e.g. budget balancing, high interest rates, unequitable fiscal policies, etc.) must be reversed. Fiscal, monetary and industrial policies must be pursued that generate decent jobs for all, that protect and contribute to quality employment, and that broadly boost purchasing power. Moreover trade, and deregulation of markets, particularly of the labour market, must not be employed as the only or principal policy to encourage economic growth.
- b. The current bias in favour of export production must be changed to recognize the important role of **domestic consumption and investment** in economic growth and development. Real development means that living standards rise to allow workers to purchase much of the goods they help produce.

- c. International and national funds should be set up to provide **support and assistance** to achieve a just transition when jobs are lost due to restructuring and/or liberalization policies.
- d. **Economic agreements, lending arrangements, and assistance must be tailored to the circumstances of individual countries.** They should not be tied to conditionalities that force the implementation of neo-liberal policies or that require the purchase of goods or services from the creditor countries.
- e. The agreements and policies of the IFIs and the WTO must recognize that **certain economic activities** such as manufacturing, metalworking, and the production of technologies for the countries concerned **are particularly important contributors to dynamic growth and development.**
- f. **Transfer of required technologies** to developing countries is crucial for job creation and development.
- g. International economic policies and agreements, particularly in the area of trade and investment, **must be made subject to environmental and human rights criteria.** Recognising that trade policies impact differently on men and women, **gender impact assessments of all economic policies and agreements must be conducted by the IFIs and the WTO.**
- h. In addition to the **right to decent work**, an alternative globalisation must also ensure other rights including **the right to liveable cities, and access to clean water, safe food, health care, affordable medicine, knowledge, and education.**
- i. Although the private sector plays a role in these areas, these rights can only be guaranteed by **an effective public role in society.** This includes maintenance of public services, improvement of cities and other public goods, and promotion of alternatives to the capitalist organisation of production (cooperatives, etc.). Ideological inspired privatization efforts must be stopped; privatization, if it is to occur at all, must maintain basic rights and, to that end, be subjected to strict regulations to ensure safety, accessibility and affordability.

Debt cancellation and development assistance

- j. The international community must provide more **debt relief** for poor countries and in particular increase the level of debt **cancellation** for the most highly indebted as well as the poorest developing countries
- k. Governments benefiting from debt reduction and/or cancellation must commit themselves to investing savings from it in **job creation and improvements in health, housing, education and the environment.**
- l. **Official development assistance** must be increased to reduce reliance on private sector foreign investment, and must be re-oriented to sustainable development goals. The UN target of 0.7% of GDP must finally be reached.

Regulating capital movements

- m. A **new international financial architecture** must be created to cope with the instability that liberalization of national and international capital markets has caused. The aim must be to re-harness financial markets to facilitate long and medium term productive investment. Market regulation must include a **financial transactions tax** (Tobin tax) to control speculative money flows and raise revenues for sustainable development.
- n. The new architecture should also include **an international bankruptcy procedure** to address unsustainable international debt, measures to allow closer **coordination of major currencies, binding international standards** for prudential regulation of financial markets, increased banking transparency and a strengthening of **capital controls.**

Reform of the global institutions of governance

- o. The **global institutions of governance must be reformed** along the following lines:
 - Fundamentally **reforming their rules and policies** to reflect the preceding policy guidelines in trade, lending, economic assistance and structural adjustment agreements.
 - Making **consultation between global institutions of governance and social movements a key aspect of policy formation and agreement negotiations**. Formal consultative bodies should be set up at the IFIs and the WTO to ensure that trade unions, and other organisations representative of civil society can present their views.
 - **Giving the International Labour Organisation (ILO) a key role in global governance**. Its powers must acquire enforcement mechanisms and its views must be integrated in the decision making process of the WTO, and IFIs.
 - **Incorporating environmental and social standards** (including workers' rights) into their agreement conditionalities and into their own operations (e.g. procurement).
 - **Improving the transparency and accountability** of institutions of global governance. The WTO in particular must open its dispute settlement procedure for public information and involvement.
 - **Democratic rights, participatory democracy, and human and workers' rights** must be recognized as essential enabling elements in policy formulation and implementation. They must provide a system-wide framework of rules for all multilateral institutions.

3. Strategies and tactics for implementation

21. The IMF and other Global Unions have repeatedly called for the policies outlined above.
22. **If we are serious about an “alternative” globalisation, then the trade union movement together with allied social movements must make it a top priority and mobilize their forces for its attainment.**
23. Essentially, there are three ways in which alternatives can be realized
 - Directly implementing alternatives to market-, and corporate-driven globalization. Measures that can be directly implemented by trade unions and social movements include dealing with TNCs.
 - Lobbying governments and global institutions to implement policies that fully recognize the social and environmental dimensions.
 - Mobilizing workers together with social movement forces to pressure governing institutions to implement our alternatives.

A direct approach to TNCs

24. Trade unions and particularly **GUFs such as the IMF are best positioned** for dealing with TNCs. Many corporations are engaged in or are considering initiatives in the area of “**corporate social responsibility**”. Quite often these prove to be merely cosmetic operations. The labour movement, under the leadership of the ICFTU, has a special responsibility that these initiatives do not undermine existing binding rules.
25. The IMF, along with many other GUFs, has negotiated **International Framework Agreements (IFAs)** to ensure workers' rights. Reiterating its policy in this regard, the IMF stresses the fundamental role of collective bargaining for the effective promotion of

labour standards. Negotiated IFAs can also be an effective means of ensuring workers' rights. They can become the basis of a social dialogue that can ultimately include social and environmental concerns that are additional essential aspects of an alternative globalisation.

Mobilizing for effective lobbying

26. It would appear self-evident that lobbying is only effective after mobilization, but in practice many organizations, including some in the ranks of labour, give priority to lobbying over mobilization. **Our strategy** must be to
 - strengthen and unite the labour movement
 - emphasize the importance of collective bargaining as our key tool
 - coherently promote the policies and measures outlined above on the national, regional, and global levels
 - emphasize mobilizing and alliance building in conjunction with lobbying.
27. We must not confine ourselves to general strategy, but must elaborate **tactics specific to the various levels** on which we must act. Moreover, we must recognize that achieving an alternative globalisation will require the ICFTU to play a leading role with the support – as indicated in this document - of the IMF and the other GUFs, as well as those of allied social movements. Consequently, we must **propose specific actions and joint activities to potential allies**.

3.1 National Affiliates

28. An important part of achieving an alternative to the ongoing process of globalisation is for labour and its allies to bring demands for different policy priorities by formulating and promoting alternatives at national level. We should do this according to each country's prevailing conditions.
29. The IMF's affiliates have a critical role to play, primarily within their countries, but also in world regions whenever trade or other economic arrangements exist or are under consideration. (The implications of regional work for IMF affiliates will be discussed in Section 3.2.)
30. To achieve globalisation with a social dimension, the most important task of national trade unions is to prepare concrete means that will result in movement from a critique of neo-liberal globalisation to the implementation of alternatives. This should include measures
 - that the unions and social movement allies could implement themselves
 - to influence governments towards the policies outlined in Section 2 above. Governments must be pressed to implement such policies nationally as well as advocating them vis-à-vis the global institutions of governance.
31. **IMF affiliates shall work closely together with national trade union centres to influence governments, and the missions of global institutions of governance** to implement globalisation alternatives.
32. **Country-specific programs and mobilization plans** should be developed in consultation with national centres and **become key parts of trade unions' communication and education programmes**. They should include:
 - specific **policies that should be implemented as a national priority** (and internationally from the specific countries view-point)
 - identification of **potential allies**
 - a **mobilisation plan** for informing and mobilising union members and building alliances with other labour organizations, particularly national labour centres and the social movement organisations identified earlier, ultimately resulting in joint actions and formal alliances.

3.2 IMF

33. With respect to globalisation alternatives the principal tasks of the IMF Secretariat will be to:
- assist its affiliates in working on the national and regional level
 - to work with the Global Unions to implement the program outlined in Section 3 on the world level
 - to cooperate with other GUFs in dealing with TNCs.
34. **The top priority of the IMF in its work with other GUFs and the ICFTU is to unify GUF positions on globalisation and to ensure that mobilizing and alliance building will become top priorities for all Global Unions.**
35. Although there is widespread agreement on the points that should be included in a Global Union programme of social and economic alternatives, there is less consensus on the importance of mobilizing. As a result, **it is essential that the IMF together with like-minded Global Unions make concrete proposals for mobilization and alliance building** at the global level. Such proposals could include special Global Union meetings or activities in which selected social movements or organizations would be invited to participate

Regional Activities

36. Increasingly, economic agreements with far reaching social implications are negotiated at the regional level, between regions or countries.
- IMF regional structures working with the ICFTU, national affiliates, other GUFs and sympathetic social movements must make influencing such negotiations a priority
 - Appropriate educational and alliance-building activities on the regional level must be undertaken.
 - The IMF Regional Offices, or the IMF Secretariat where there is no Regional Office, must assist and coordinate the work of national affiliates with respect to globalisation alternatives.

World Level Activities

37. Although most TNCs are based in a small number of home countries, they typically affect many and quite diverse societies. Consequently, **TNCs should be approached by GUFs on the global level.**
- Negotiating IFAs and engaging TNCs in social dialogue are top priorities of the IMF.

Activities within the IMF

38. With respect to its activities **the IMF should consider:**
- making a discussion of implementing globalisation alternatives and alliance building part of all regular IMF activities
 - identifying IMF affiliates that are experienced in working with social movements and NGOs and collecting/learning from their experience
 - seeking ways to include sympathetic and appropriate social movements and organization in our current program of activities
 - developing educational and publicity materials that will encourage and assist our affiliates in implementing globalization alternatives and building alliances.
-
