In the belly of the beast

Four months in the World Bank

Last year Satawu's **Jane Barrett** went on a union secondment to the World Bank. She reflects on her time in the institution and on its lip service to genuinely engaging with trade unions in Bank-funded reform.

Last year I spent four months in Washington working where I never imagined I would set foot. The International Transport Workers' Federation (ITF), by agreement with Satawu, sent me to the World Bank as part of a programme negotiated by the ICFTU. The placements were introduced by the Bank after the international trade union movement criticised it for its neo-liberal economic agenda and its non consultation with unions in countries where it lends money.

Besides spending a lot of time reading documents, during my placement I did a presentation for staff on the South African railway restructuring experience; participated in a 'mission' to Romania where the Bank is involved in a railway lending project; gave input into a course on Labour Market Reform in Africa; and commented on railway restructuring projects in Europe and Central Asia. I finished with a presentation of my observations to the ITF Railway Section Steering Committee, and to interested Bank staff.

PURPOSE OF PLACEMENT

The Bank's official agenda is for union people to influence Bank staff to improve their labour dealings. Unofficially the Bank's leadership no doubt has in mind the 'taming' of union perceptions of the institution.

For me, the agenda of the ITF was much more important. I knew that I could never shift an institution with 50 years of ideologically motivated lending.

The ITFs wanted me to learn from the inside how the Bank operates and to thus help it to advise railway and transport unions on Bank-funded and advised restructuring. I was chosen for my involvement in Satawu's (SA Transport & Allied Workers Union) successful engagement with the South African government on the future of the railways and ports. It is rather ironic that as I write this, Satawu is in a protracted, and bitter dispute with Transnet (and implicitly government) over its refusal to adequately engage on further restructuring. But that is another story…

STRUCTURE AND STAFF: AGGLOMERATION OF POWERFUL PEOPLE

The World Bank employs around 12,000 people, two thirds in Washington and the remaining third in 122 country offices, including Pretoria. In addition it contracts thousands of consultants.

The staff are organised along six regional and seven operational lines, which intersect on a matrix basis. The operational networks include Infrastructure, which has a transport section, and Human Development, which has a social protection section.

Social protection advises on such issues as retrenchment, post redundancy programmes, labour law and labour market. I was placed in the transport group of the Infrastructure and Energy division of the Europe and Central Asia region. This region was selected because many Bank railway lending projects are here, including in Turkey, Romania, Croatia, Bosnia, Macedonia, Albania, and the republics of the former Soviet Union.

Country lending is usually preceded by a country report, compiled by a project team, in theory in consultation with a wide range of stakeholders in the borrowing nation. The country report identifies potential projects such as building transport infrastructure, altering public transport arrangements, energy generation and distribution, water

World Bank headquarters in Washington, around the corner from the IMF and The White House

provision, labour laws and pension structures. A small project team of Bank staff, whose costs are recovered through repayment of loans, takes on each project. The proportion of the loan allocated to hard capital investment versus administration or advice varies from project to project. A railway project, for example, may not involve any capital investments, but will typically involve advising on splitting infrastructure from operations and rationalising staff.

Professionals in the Bank come from all over the world, but a huge proportion are high achievers with postgraduate degrees from 'top' universities like Oxford, London, and Harvard. They work hard and the institution looks after them well. Their conditions include exceptional salaries (tax free), handsome bonuses dependent on project completion, annual home leave for the family, and generous education subsidies for children. About 25% of the Bank's turnover goes to personnel costs. Borrowing nations pay these costs.

The Bank occupies four buildings adjacent to the headquarters of the IMF and two blocks away from the White House. The Bank and IMF buildings form a self contained community who enjoy subsidised restaurants, a clinic, cultural events, well equipped gyms, social clubs, a crèche, and activities for spouses.

There is an overload of information flow, and probably no other institution could match the electronic and physical libraries. There is no obvious reason to look beyond the institution for ideas and information. Most of the professionals are travelling 'on mission' at least half of the year, so the Bank defines their life. They believe passionately in what they are doing. Few see their interventions as political. Whether working on water, education, or transport they see themselves as delivering reality.

Everyone I met was highly intelligent and likeable, but there was an inescapable arrogance about their practice. The institution has shaped its people, and the people have shaped the institution in a way that makes that practice immovable. Which is why I doubt whether it makes a difference whether a 'dove' such as Wolfensohn or a 'hawk' like Wolfowitz is at the helm.

LITTLE ROOM TO CHALLENGE

The Bank ascribes to an economic model which promotes export-led growth, competition, labour market deregulation and flexibility, and private sector operation of public services. The model prescribes the reduction of national debt through fiscal restraint, and assumes that economic growth leads to job creation. It also assumes that the private sector is more efficient than the public sector. The model is referred to as the 'Washington Consensus'.

The absence of debate on the model which guides its projects results in an intellectual stagnation. In a time, and budget pressured environment, habitual ways of thinking easily become cautious and narrow-minded. It is not surprising that the Bank's annual report *Doing Business in 2005: Removing Obstacles to Growth* uses a crude Rigidity of Employment indicator, with three sub-indices of difficulty of hiring, difficulty of firing, and rigidity of hours. There is also a Cost of Firing indicator [see SALB 29.5]. Even some who subscribe to the Washington Consensus, find such indicators unacceptable.

The Global Union Federations and the ICFTU have challenged these indicators and it appears they are having some success in changing them. This would be a victory, as the report is used by investors to decide on investment destinations, and is quoted by governments in justifying attempts to curb worker rights. The Bank's 2005 report has been widely quoted in South Africa by those in favour of making employment laws more flexible.

TRADE UNIONS AN OBSTACLE

The conservative approach to labour law discourages an open approach to unions. Workers are not seen as a resource with value to add to infrastructure reform projects. This is despite what some documents such as the Bank's *Port Reform Toolkit* argue. It argues for early involvement of organised labour in any port restructuring project. "Governments...have much to gain from involving labour early and effectively in the port reform process. Labour's contribution stems from its important role as one of the port's most valuable assets, trained personnel; a source of practical knowledge of an experience in port operations problem solvers; and a source of ideas to add value to the goods and services of customers".[1]

These statements in the Bank's Toolkits are not translated into practical guidelines. The absence of guidelines creates an excuse for staff to argue that the level of engagement is government prerogative. Governments are the Bank's clients and their decisions on levels of engagement must be respected.

Formally speaking this is true but Bank staff and consultants have a huge amount of influence. The absence of consultation is a mindset. They see unions as a hindrance to decision making, as consultation is time consuming and delays project implementation which impacts on staffs' performance bonuses. At best unions are consulted on the consequences of restructuring, in particular on the implementation of decisions to retrench workers. Even here, no uniformity exists on what aspects should be consulted.

In the case of Macedonia, I found a record of workers' early interest in engaging on the vision for Macedonian Railways. In a social assessment report the authors record, "What we have not asked the employees in the focus groups, and what they wanted to inform us about was mainly about their recommendations to the government for the future of Macedonian Railways". [11]They record that workers focused on the absence of a traffic policy and a vision for the development and the future of the railway in this context. There is no evidence that unions' readiness to engage was taken up during the project design or implementation.

The absence of engagement is reinforced by the way project teams are constructed and the brief that members get. They are constructed on a multi-disciplinary basis. In railway reform projects the team comprises financial experts, railway technical experts, and human development/ environment experts. Human development specialists or social scientists get the job of meeting with unions usually with the brief of dealing with the consequences of restructuring. The issues of technology, investment in infrastructure and rolling stock, changing the customer base and setting volume targets are discussed with management and government officials. Workers are denied the opportunity of sharing their rich experience and perceptions of operations.

The chief railway consultant to the Bank's reform work in Romania for the past fifteen years, for example, has never met unions or workers. When I met with Romanian unions, he declined to join me. He did however attend my interviews with management and government officials. His disinterest in workers was indicative of a mind-set and the separation of functions within a project team. He had also never ridden on a Romanian train!

Where there *is* early engagement, it usually happens through formal presentations. Issues facing the enterprise are not approached from a mutual problem-solving point of view.

Where questions are raised, there is a tendency to just note them down.

For example, in the Macedonian railway reform project records there is a reference to the unions raising worker share participation. There is no record of a Bank response. It appears the proposal was 'noted'. This, despite the fact that the team could have chosen to referred the proposal to the Bank's Social Protection Unit, which offers advice on worker participation in ownership of enterprises. Similarly, in Romania the unions' proposal that the railway company remain integrated were noted with no further engagement.

The Romanian railway workers' unions gave me a pessimistic view of the non participatory railway restructuring. "Railway reform has been a failure. The layoffs did not take account of the real situation in the market. Thousands of overtime hours are still being worked. There has been no change in the management type or techniques. The rolling stock remains obsolete and little has been allocated to refurbishment. The regulations and norms are not harmonised with European legislation. Romania has been its own guinea-pig…The government election promises for transport are not being met."

They described how an expensive computerised traffic monitoring system, funded by a large chunk of the Bank's railway loan, was not used. The managers who the Bank had interacted with failed to identify a range of managerial, technical, and training issues. The unions believe they could have warned the Bank about such obstacles. The government is paying with interest for technology it was persuaded to purchase.

The Bank staff who attended my presentation on Satawu's engagement with government and Spoornet management on South Africa's railways, were intrigued and impressed that such engagement was possible. Some seemed keen to test the approach in their work. However the constraints are such that breaking out of the mould is unlikely unless unions push hard.

TRADE UNION WEAKNESSES

Unions themselves are meek, ambivalent, or late in their demand to be consulted. They also do not always have an independent vision. They are often not practiced in analysing such data as traffic density, staff projections, operating costs and investment requirements. This weakens their capacity to engage when the Bank presents a case for restructuring.

Unions are also often confused about where decision-making lies between government, management and the Bank. Bank and government personnel laughingly refer to this state of confusion which both institutions conveniently hide behind. The consequence for consultations is not so funny. Unions flounder in their attempts at locating the right person or institution to talk to and become frustrated.

WAS THE PLACEMENT WORTH IT?

I was able to make certain recommendations to the ITF. My recommendations in regard to empowering unions faced with Bank funded restructuring included that they should be encouraged to develop an independent vision. The ITF should facilitate this by developing outlines for workshops to develop such vision.

The ITF should produce a basic manual on enterprise restructuring including advice on how to work with issues such as traffic density, staff projections, operating costs, productivity and investment requirements. A grasp of these issues is critical as the Bank's advice is often based on calculations around these items. Unions need to make their own calculations based on their much deeper knowledge of the company, and to use these calculations to develop their own proposals.

I know my period at the Bank has not shifted practice. My report is yet to be circulated to all transport staff, as promised. I am told there has been no decision *not* to circulate it, but circulating it is creating discomfort. At most my presence may have persuaded those I came in contact with that unionists don't have horns.

On the other hand, what I shared with the ITF is proving invaluable in their efforts to assist affiliates faced with Bank funded transport reform. A union in Zambia, Macedonia or Turkey faced with radical Bank-funded changes cannot walk away from them but needs to equip itself to confidently challenge and engage the proposed changes proposed changes.

References

[i] Module Seven of the Bank's Port Reform Toolkit , p10

[ii] "The Reform in Macedonian Transport System: Reform in the Public Enterprise Makedonski Zeleznici Skopje (Macedonian Railways Skopje). Social Assessment." The Independent Research Group for the Faculty of Philosophy Managed by Prof Dr Hristo Kartalov. Skopje January 2004.

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