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# World Bank policies and labour rights

*The World Bank and the role it plays in promoting liberalisation, privatisation, the free movement of capital, so-called free trade and labour flexibility is often the subject of heated debate. **Asbjørn Wahl** explores the effects of these policies on workers and society and calls on labour to adopt a strategy, which is broader than just merely demanding inclusive minimum labour standards in agreements.*

**T**he struggle for trade union and labour rights is, of course, decisive if we are to develop a civilised society. In order to achieve better labour standards, we need to analyse why trade union rights are being undermined and why we experience a brutalisation of work in most parts of the world today. What are the driving forces behind the attacks on trade union rights and labour standards? We need to identify the causes if we are going to improve working conditions and by that, the quality of life for working people.

A large part of the international labour movement, the International Labour Organisation (ILO) and many Northern governments are demanding minimum labour standards in international agreements and as an integrated part of the policies of the international financial institutions. Minimum standards are concretely defined as a collection of very basic ILO Conventions, such as those regarding the right for workers to organise and to bargain, bans on child and forced labour and on gender discrimination.

The international trade union movement has invested a lot of resources in campaigning for these demands, not only in relation to the World Bank, but also the International Monetary Fund (IMF) and the World Trade Organisation (WTO). The results have so far been scarce. In fact, according to annual reports from the ILO as well as from the International Confederation of Free Trade Unions (ICFTU) over the last 10-15 years, violations of trade union and labour rights have been increasing.

Even in the developed world, trade union and labour rights are being weakened and undermined these days. This is not happening because there is a lack of formal labour standards. It is happening in spite of relatively strict labour laws and regulations. A serious brutalisation of work is going on in most of the developed world. Physical and in particular mental pressure and stress are increasing phenomena at work, and a rapidly growing number of workers are being expelled from the labour market altogether. In Norway, almost 15% of the total population

between the ages of 16 and 67 – the latter being the age of retirement – are now on early retirement, disablement benefit or some kind of rehabilitation. The figure has doubled over the last 20 years.

## **Violation of laws and agreements**

So why are we experiencing this rather dramatic development in the labour market in a country that is wealthier than most other countries in this world, and wealthier than at any time previously in its history? It is not a lack of labour standards, laws and regulations. Norway has probably one of the best labour regulations in the world. The fact is that the laws and agreements, which regulate the Norwegian labour market, are being violated and undermined in practice on a daily basis in workplaces. Working conditions and labour rights are, in other words, not primarily an effect of formal labour standards. How is it, then, that we can improve working conditions and labour and trade union rights?

Let me go back in history to the end

of the 19th Century when workers started to organise in Norway – in trade unions and in political parties. Working conditions were miserable and there were no labour regulations. Through political and labour struggles, conditions were gradually improved and formally institutionalised through labour laws and collective agreements. A gradual shift of the balance of forces between labour and capital took place – in favour of labour.

Labour's strength was not only reflected in labour laws and regulations but more importantly, in the general taming of market forces. Capital's power was reduced in favour of politically elected bodies. Competition was dampened through political interventions in the market. Capital control was introduced and financial capital was strictly regulated. Through a strong expansion of the public sector and the welfare state, a great part of the economy was taken out of the market altogether and made subject to political decisions. A considerable reduction of the physical and mental pressure on workers was an important consequence of this development.

The turning point occurred in the 1970s when labour started losing its momentum and a shift in the balance of forces occurred – this time in favour of capital. The capitalist forces went on the offensive and the current era of neoliberalism started. This is the reason behind the undermining of labour and trade union rights both in developed and developing economies. It is first and foremost about power and it cannot be changed only by formally introducing labour standards. Over the last 20 years we have been facing the abolition of capital control and fixed exchange rates, the deregulation and liberalisation of markets, the privatisation of public services, the increased use of competitive tendering and outsourcing, the downsizing of the workforce to the absolute minimum, and the consequent increasing labour intensity, and the flexibilisation of labour.

#### **So what does all this have to do with the World Bank?**

Well, the neoliberal policy, which has contributed so strongly to the brutalisation of work and to the attacks on labour rights, is also the policy of the World Bank. It is, actually, as simple as that.

In response to its critiques, the World Bank insists that it has now strengthened its dialogue with the international labour movement – and that is true. It also insists that consultation with trade unions at a national level is the order of the day when introducing new projects. Finally, it insists that it supports the ILO core labour standards. Even though the trade union movement claims that this can hardly be seen in practice, let us be big-hearted and accept the Bank's insistence.

Then, what is the problem? The problem is that all these so-called pro-labour policies only become cosmetic changes on the surface while the Bank, through its neoliberal policy, strengthens those economic interests in society that are the driving forces behind the brutalisation of work and the undermining of labour and trade union rights. To liberalise and deregulate the markets and then think you can protect the workers by introducing formal labour standards, is like opening the floodgates of the regulated waterfall and then forbid the water to fall. Truly, it is not a very productive exercise.

In other words, the World Bank's alleged intentions regarding labour standards and trade union rights become impossible or contradictory. It's aims and the means simply do not fit together – and labour rights are on the losing side. Good intentions represent too little power when they crash with the economic iron laws of market liberalism.

#### **Formal labour standards**

This also leads to some self-criticism of the international trade union movement, in which I have been a bit

involved over the last ten years. The narrow focus on the demand for formal labour standards in WTO agreements and in World Bank and IMF conditionality seems to be based on the conception that formal rules themselves will improve working conditions. Very often we hear international trade union leaders say they cannot accept a further liberalisation of this or that unless they get labour standards included. This is an illusion, it is wrong and it is dangerous. It contributes to leading the struggle astray, and the result will be a further deterioration of working conditions.

If the trade union movement of the North really wants to support trade union and labour rights in the South, we should rather struggle to limit the power of our own multinational companies and regain the control of financial capital. If successful, this will have more positive effects on working conditions and labour rights than the so far very unproductive and narrowly run campaign and bureaucratic dialogue for formal labour standards.

Do not misunderstand me, the struggle for labour standards and trade union and labour rights is of course important – not only important, it is decisive – but only as a part of a real struggle – a struggle to empower workers and to strengthen trade unions, a struggle aimed at shifting the balance of forces between labour and capital. That means fighting market liberalism, not accepting it in exchange for formal minimum labour standards.

Market liberalism is a health hazard and a threat against trade union and labour rights – and the World Bank neoliberal policy is not a part of the solution. It is a part of the problem.

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