



# global worker

## FEATURE

Garment workers in Bangladesh

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## SPECIAL REPORT

Sustainable industrial policy

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## PROFILE

Alexander Sitnov

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# Welcome to **global worker**



**Jyrki Raina**  
General Secretary

**“We will fight for a new economic and social model that puts people first.”**

**You are holding in your hands the first issue of Global Worker, the printed journal of IndustriALL Global Union. It is packed full with features, interviews and profiles on a wide range of issues from a workers' perspective.**

In June 2012, IndustriALL Global Union was created at a founding congress in Copenhagen in a merger between three global organizations, the IMF, ICEM and ITGLWF. IndustriALL represents 50 million workers in 140 countries, throughout the strategic chains of production from oil and gas, mining and electric power to the manufacturing of metal, chemical and garment products.

Through this unification, industrial unions want to build a strong counter power to multinational companies and governments to make sure every worker has the right to freely join a union and get the protection of a collective agreement. We will fight for a new economic and social model that puts people first and is based on democracy and social and economic justice.

It was not clear from the beginning that IndustriALL should have a printed magazine. We thought about it carefully in the process of building a dynamic communications policy. And we interviewed a number of affiliated unions on all five continents.

The result was that while the new global union should focus on digital and social media such as e-mail, web, Facebook and Twitter, you thought that IndustriALL also should have a printed journal while it was still staking its territory.

Electronic media could handle day-to-day struggles and news, while a printed journal should contain longer, analytical and reflective articles and profile pieces from a workers' perspective.

This is why we decided to launch Global Worker, which will appear twice a year in English, French, Spanish and Russian.

In this first issue, we try to respond to your expectations.

In Bangladesh, almost four million workers toil in the booming garment industry in dangerous conditions with extremely low wages and long working hours. Global Worker met Razia, a survivor of the Tazreen Fashions factory fire that killed 112 workers last November. The feature also covers what IndustriALL is doing to improve labour rights, and building and fire safety in this country.

The global financial crisis has hit workers especially hard in European countries such as Greece, Ireland, Portugal and Spain. Peter Bakvis shows why austerity and deregulation programs pushed by the IMF are so disastrous. Unions are convinced that a job-focused recovery plan is the only way out of the crisis.

IndustriALL's Action Plan calls for strong industrial policies that recognize manufacturing as a key engine of growth for national economies. Jenny Holdcroft and Brian Kohler write about what unions should do to promote sustainable industrial policy and the creation of good quality jobs.

The International Labour Organization (ILO) is a key partner for IndustriALL. Last year, the ILO elected its first director general with a union background. In a special interview, Guy Ryder explains the ILO's role in a globalized world where unemployment, inequality and social injustice remain major problems.

I hope you find our new journal inspiring and useful in your day-to-day trade union work on organizing and building global solidarity.

**Jyrki Raina**  
General Secretary

## **IndustriALL Global Union**

Represents 50 million workers across the supply chains in the mining, energy and manufacturing sectors at the global level.

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## **globalworker**

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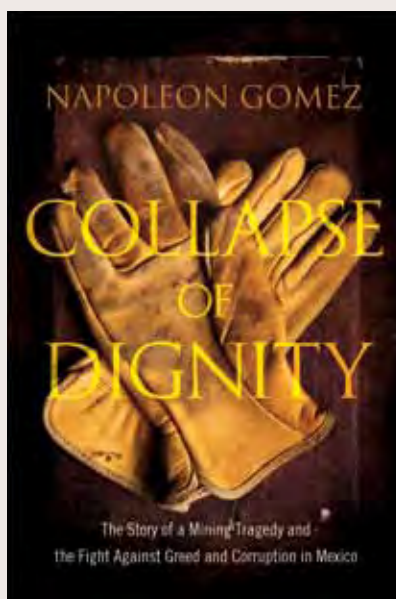
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**“Everyone who cares about justice in the global economy should read this story about the heroic resistance of Mexican mineworkers.”**

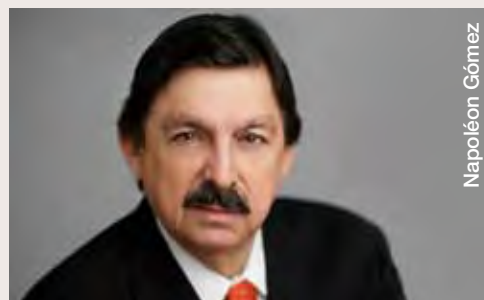
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Napoléon Gómez

Over to you... Join IndustriALL on facebook, twitter, YouTube and flickr and share with your friends. Thanks for your comments on how we can make Global Worker even better.



## global worker



IndustriALL Global Union  
April 10

IndustriALL's new Journal "Global Worker" is coming out soon, make comments to let us know what you would like to see in it.



**Irene Jacobson** TIME TO UNIONIZE WORLD WIDE! IT IS THE ONLY WAY FOR THE MASSES TO FIGHT BACK! WE NEED TRANSPARENCY. TELL THE WORLD WHAT IS GOING ON----WHO IS BEHIND IT----THEIR AGENDA----UNITE AGAINST EVIL! WE CAN DO IT.  
Like · Reply · April 15 at 8.00pm



**Raja Savariappa** Networking of unions in MNCs across global north-south ..  
Like · Reply · April 14 at 4.23pm



**Shahnaz Rafique** I would expect some more enhanced trainings and workshops for capacity building of women, extensive organizing work, and ohs activities.  
Like · Reply · April 12 at 1.59pm



**郁闷快乐** The understanding and support of the struggle of the world, to protect the rights of workers! We are all working class, we express the common aspirations!  
Like · Reply · April 12 at 4.37pm



**Peter Waterman** I'd like to see that it is seriously open to critical discussion of all the challenges facing the ITUC and Global Unions.  
Like · Reply · April 10 at 10.34pm



The screenshot shows the Flickr photostream for IndustriALL. The page title is "IndustriALL's photostream". Below the title, there are navigation options: Photostream, Sets, Map, Favorites, Galleries, Profile, and More. The main content is a grid of photo sets, each with a thumbnail image, a title, and the number of photos in the set. The sets include:

- Bangladeshi garment workers... (26 photos)
- Holcim AGM in Dübendorf... (186 photos)
- US Nissan workers at Geneva... (52 photos)
- Mexico Days of Action in... (74 photos)
- Juventud de América Latina... (188 photos)
- IndustriALL Women's... (18 photos)
- IndustriALL Executive... (89 photos)
- INDUSTRIALL Solidarity... (32 photos)
- IndustriALL Global Union... (27 photos)
- SWITZERLAND, Construction... (23 photos)
- Seminar for the Evaluation... (72 photos)
- IndustriALL World... (89 photos)
- GFA Conference, Frankfurt... (11 photos)
- IndustriALL affiliates take... (48 photos)
- Justice for Ssangyong... (17 photos)
- TEKNA visit to IndustriALL... (7 photos)
- Bern national demonstration... (143 photos)
- Demonstration at Glencore... (100 photos)
- IndustriALL Global Union... (163 photos)
- IMF, ICEM, ITGLWF Final... (81 photos)
- International Olympic... (52 photos)
- IMF-ICEM-ITGLWF EXCO (8 photos)

Find IndustriALL's most recent Flickr sets at [www.flickr.com/photos/industriall\\_gu](http://www.flickr.com/photos/industriall_gu)

Pictures of meetings and events can be found in their original size and can be downloaded free of charge. Please acknowledge their source in your materials.



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## A job-focused recovery strategy

**Arguing for a job-focused recovery strategy in response to the financial crisis, Peter Bakvis writes about the trade unions' alternative to the International Monetary Fund's destructive austerity and deregulation policies in Europe.**

When the global financial and economic crisis broke out in 2008 and unemployment rates soared in Europe and around the world, the International Monetary Fund (IMF) was the first major international institution to counsel governments to counteract the impact of the crisis by implementing pro-recovery stimulus programmes. However during the course of 2010 the IMF, along with its European “troika” partners, did an about-face and joined the private financial sector in pressuring European countries in economic difficulty to adopt austerity policies, making the recovery of 2010 a short-lived one.

The IMF's ill-considered decision to switch from supporting recovery to pushing austerity contributed to a downward spiral

of several European economies, which are now experiencing unemployment of as much as 25 per cent in the case of Greece and Spain. In addition, pressure from the IMF and its EU partners to deregulate labour markets have meant that workers have lost much of the protection they previously had against economic downturns. Meanwhile EU countries' indebtedness problems, which the austerity policies were supposed to solve, have worsened.

The trade union movement has called for and mobilized its forces in favour of another path: a job-rich recovery strategy to bring Europe out of its recession, reduce inequality, bring the unemployed back to work and ensure job opportunities for young workers.

**MAIN PHOTO:**  
Austerity in Europe,  
general strike in Spain. *ITUC*

# report

**GUEST WRITER:**  
**Peter Bakvis**  
Director, ITUC/Global Unions  
Washington Office



## IMF and G20 initially support recovery

Before the IMF adopted its position in favour of fiscal and monetary stimulus policies in early 2008, only the trade union movement, acting both nationally and internationally through Global Unions, had put forward the idea of a coordinated international effort to prevent the global recession from deepening. Through the extension of social programmes such as unemployment insurance or by accelerating infrastructure projects, initiatives entailing a temporary increase of government spending were aimed at preventing the recession from cascading into a full-fledged global depression.

Leaders of the Group of 20 countries embraced this approach in 2009 and at the G20 Summit held in London in April of that year they announced: “We are undertaking an unprecedented and concerted fiscal expansion, which will save or create millions of jobs which would otherwise have been destroyed.”

Most industrialized and emerging-market countries, G20 and others, adopted stimulus policies of one kind or another at the beginning of the crisis. The concerted international strategy to counter the crisis undeniably had a positive impact – until the policies were reversed soon after. The global economy shrunk by 0.6 per cent in the recession year 2009 (in the advanced economies the decline was much sharper: 3.5 per cent) but in 2010 global growth bounced back to 5.1 per cent.



Six months after the London Summit, G20 leaders held a second summit, this time in Pittsburgh USA, where they promised to undertake “sweeping reforms to reduce the risk that financial excesses will again destabilize the global economy”.

If the G20 and international institutions such as the IMF had kept their promise to rein in the private financial institutions that set off the 2008 crisis and maintained the stimulus policies until the global economy was fully restored to sustained growth, the number of jobless in Europe might have begun falling after the recession of 2009. Instead, most countries began putting the brakes on stimulus starting in 2010. In the euro area, the unemployment rate crept into double digits in 2010 and has kept increasing since; at the beginning of 2013 unemployment in the euro zone hit 12 per cent.

## Switch from supporting recovery to fiscal discipline

The reversal of the stimulus policies initially promoted by the IMF and the G20 began with the Greek sovereign debt crisis of early 2010, after a newly elected government discovered that the previous conservative government had hidden a considerable portion of the public debt that it had accumulated. By that time, Greece was already into its third successive year of recession.

Rather than working with the Greek government to design a gradual strategy for reducing its deficit while ensuring that this not harm economic growth, the “troika” of the IMF, European Commission and European Central Bank decided instead to follow calls from the private financial sector to impose radical “fiscal discipline”. As a condition for financial assistance, the troika forced the government to implement a drastic programme of public spending cuts, which involved slashing public sector wages, privatizing many state-owned entities and cutting the workforce, reducing pensions and restricting unemployment benefits.

Instead of fulfilling the G20’s promise made at Pittsburgh in September 2009 to never again let the private financial sector destabilize the global economy, the IMF and its troika partners allowed the private banks to dictate austerity as the way

forward. The draconian measures taken in Greece in 2010, which led to the economy shrinking by about one-fifth in the following years, were soon applied in other euro-area “periphery countries”, such as Ireland, Portugal and Spain when they received assistance from the EU institutions, the IMF or both.

In terms of the stated objective of reducing countries’ levels of public indebtedness through fiscal discipline, the austerity policies were an abject failure. By setting off recessions and shrinking the economy in each of the periphery states, the level of public debt relative to Gross Domestic Product increased dramatically between the beginning of 2010 and the end of 2012, for example by 36.1 percentage points in Portugal and 38.9 points in Ireland.

The IMF’s chief economist later revealed at the annual meetings of the IMF held in October 2012 that the Fund had severely underestimated the impact of austerity policies on economic growth because it had used erroneous “fiscal multipliers” in its forecasting models. But, surprisingly given this admission, the IMF has shown no sign of giving up, nor have the EU institutions, on their illusionary “growth through austerity” policy.

## Labour market deregulation makes the situation even worse

The impact of austerity policies, enforced as loan conditionality in the euro-area countries of Greece, Ireland, Portugal and Spain, as well as non-euro countries such as Latvia and Romania, have been compounded by conditions or policy advice to deregulate labour markets. IMF economists have argued that more flexible labour markets are needed to allow firms to easily reallocate capital from one sector to another, which is supposed to increase productivity, or to adjust wages downwards so as to make economies more “competitive”.

This has led the IMF and its troika partners to include loan conditions requiring that countries reduce or freeze minimum wages, eliminate wage indexation, reduce severance pay and relax dismissal procedures. They have also required that countries increase retirement ages and reduce pension benefits. In countries that have not yet borrowed from the

**In the euro area, the unemployment rate crept into double digits in 2010 and has kept increasing since; at the beginning of 2013 unemployment in the euro zone hit 12 per cent.**





IMF, such as Spain (which has received assistance from the ECB) and Italy, the Fund has formulated detailed policy recommendations for deregulatory reforms, and countries have applied them on the presumption that financial markets demand those measures in return for accepting to purchase their government bonds.

A major focus of the IMF has been to push for more decentralized collective bargaining, and the Fund's loan conditions and policy advice have included abolishing or weakening centralized bargaining arrangements, that is on the national or sector level. In several European countries IMF programmes have included measures such as allowing firms to opt out of sector-level agreements or abolishing provisions for the extension of multi-employer agreements to other firms.

The IMF has promoted the adoption of deregulatory labour market reforms with the avowed intent of achieving "wage moderation" on the pretext that economies that have become "uncompetitive" such as those in the South of the euro zone, have to reduce their labour costs in order to shrink their trade deficits with the North of the EU.

However in a detailed review of the IMF's loan conditions and policy advice on labour market reforms in nine European countries, the International Trade Union Confederation (ITUC) found that the Fund pushed deregulatory actions and wage moderation in all countries regardless of whether they had trade deficits or surpluses, or whether they were high- or low-wage countries.

Throughout the decade of the 2000s, the IMF encouraged Bulgaria and Romania, which have the lowest wages in the EU, to engage in measures to reduce labour costs, such as easing restrictions on dismissals, making working hours more flexible and eliminating bonuses. In addition, the IMF encouraged the Romanian government to make its wage-setting mechanism more "flexible", which it did in 2011 by abolishing collective bargaining at the national level and imposing severe restrictions on sector-level bargaining.



The Romanian reform was so "successful" that by 2012 there were no more sector-level collective bargaining agreements. The number of firm-level agreements also fell by at least 50 per cent because of new rules making it more difficult to bargain at that level as well. When, in the latter part of 2012, a new centre-left government attempted to restore national bargaining, the IMF and the European Commission wrote to the government and strongly urged it not to proceed.

## Even in trade surplus countries, IMF pushes wage moderation

The IMF's attacks against sector-level bargaining or extension provisions were a feature of lending agreements with Greece, Ireland and Portugal in 2010 to 2012, and also in policy advice to the non-borrowing countries of Italy and Spain. It was also an important focus of the Fund's policy advice in Germany, a country that has enjoyed a large trade surplus with other EU countries and which recovered quickly from the 2008-2009 recession.

Until 2012, the IMF's annual report of policy recommendations to Germany included admonitions to practice "wage moderation" and to not adopt a minimum wage, an issue which has been debated since the mid-2000s because of declining collective bargaining coverage. Germany is one of only a few industrialized countries not to have a legislated minimum wage.

As documented in IMF reports, German government officials warned the IMF as early as 2000, shortly after the creation of the euro, that "a sustained strategy of wage moderation in Germany could in the medium term result in diverging labour cost developments in the euro area countries, with attendant problems for formulating a euro-area wide monetary policy".

But the IMF paid no heed and continued to push the policy for Germany to keep wages low, thus contributing to the huge trade imbalances that are at the source of the euro zone's crisis. Finally in 2012 the Fund cautiously backed off and in its annual report for Germany said that it could support "a pickup in wages [which] would be part of the natural process of rebalancing the sources of growth".

The IMF's one-size-fits-all policy of promoting labour market deregulation and lower wages in Europe has contributed to the rising inequality that is observable in most EU member countries, as wages consistently failed to keep up with productivity increases. With a few exceptions, labour's share in national income has fallen for the past several years.

Not only are such policies contributing to increased income inequality, but they also hamper economic recovery and growth because with their depressed wages, working people are unable to purchase

### PHOTO 1:

European Trade Union Confederation (ETUC) rally, Brussels, May 2012. *ETUC*

### PHOTO 2:

Workers calling for "A living wage now", Brussels, March 2013. *ETUC*

### PHOTO 3:

Unions protest for youth and a better future, Brussels, March 2013. *ETUC*

### PHOTO 4:

Action in Romania for European Day of Action and Solidarity. *ETUC*

### ADDITIONAL RESOURCES:

#### ITUC study on IMF in Europe:

*Involvement of the International Monetary Fund in Labour Market Reforms in European Countries*, February 2013: <http://www.ituc-csi.org/imf-involvement-in-labour-market>



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sufficient goods and services for the economy to function at full capacity. The low-wage policy has accentuated the impact of government austerity measures promoted by the troika. By encouraging a “race to the bottom” towards lower labour costs, the IMF helped to create the situation where in 2012 the euro zone entered into the second phase of a double-dip recession because of weak aggregate demand.

**Trade unions call for a job-focused recovery strategy**

Trade unions across Europe and around the world have firmly rejected the destructive austerity and labour market deregulation policies that were introduced starting in 2010. The Global Unions group – composed of the ITUC, Trade Union Advisory Committee (TUAC) to the OECD, IndustriALL and the other Global Union Federations – has urged the IMF, the World Bank, the G20 and other international bodies to abandon their failed policy recipe and instead adopt and implement a job-focused recovery plan. Key elements of such a strategy would be:

- Slowing down deficit-reduction plans so as to avoid worsening unemployment, especially in light of the IMF’s discovery that it underestimated the size of fiscal multipliers in times of recession; financial assistance should be extended over a longer period until a sustainable recovery is in place.
- Putting greater emphasis on revenue-generating measures to achieve medium-term reductions of fiscal deficits, rather than giving the principal role to public expenditure reductions, which raise unemployment and inequality.

- Encouraging countries, when additional tax revenue is needed for medium-term deficit reduction, to adopt measures that have the least impact on employment levels and that reduce income inequality, such as the replacement of “flat taxes” by progressive income taxes, carbon taxes, actions to prevent tax avoidance and evasion, measures to formalize informal economy activities and financial transactions taxes.
- Encouraging countries to increase public investments in key growth areas, particularly recognizing the importance of “green economy” and climate-related investments both for the environment and their employment-creation potential.
- Stopping the attacks against collective bargaining and labour regulations; any advice proffered by the IMF in the area of labour should be reviewed and vetted by the recognised international institution responsible for labour standards and their application, the ILO, as well as submitted to tripartite dialogue on the national level.

The IMF must stop its destructive and self-defeating austerity and deregulation policies, challenge its troika partners to do the same and instead adopt a job-rich recovery programme in Europe.

**AUSTERITY MEASURES NOT LIMITED TO EUROPE**

According to IMF data, 119 countries will be adjusting public expenditures in 2013, increasing to 131 countries in 2014 and the trend will continue at least until 2016.

For more see, “The Age of Austerity – A Review of Public Expenditures and Adjustment Measures in 181 Countries”

[http://policydialogue.org/files/publications/Age\\_of\\_Austerity\\_Ortiz\\_and\\_Cummins.pdf](http://policydialogue.org/files/publications/Age_of_Austerity_Ortiz_and_Cummins.pdf)



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**PHOTO 5:**

Action in Italy for employment and social justice, February 2012. ETUC

**PHOTO 6:**

Action in Portugal for employment and social justice, February 2012. ETUC

**ADDITIONAL RESOURCES:**

**Global Unions’ statement to the 2013 Spring Meetings of the IMF and World Bank, April 2013:** <http://www.ituc-csi.org/statement-by-global-unions1-to-the-13055>

**ITUC Frontlines Report 2013:** <http://www.ituc-csi.org/ituc-frontline-report-2013>



# Jane Ragoo on empowering women



Jane Ragoo speaks her mind. She quickly dispels any notion that she is going to fit in any box you have in mind when thinking of an African woman trade union leader. It is unlikely that she will tell you what you would be comfortable hearing.

COUNTRY:  
Mauritius

UNION:  
Chemical Manufacturing and  
Connected Trades Employees'  
Union (CMCTEU)

## profile

TEXT:  
Aisha Bahadur



Jane, a substitute member of the IndustriALL Executive Committee, served on the women's committee of the International Federation of Chemical, Energy, Mining and General Workers' Union (ICEM), one of the founding organizations of IndustriALL. Reflecting on this and other experiences, she is quite frank about the shortcomings of women's committees, **"all women's committees are like an arm not connected to a body, we take many resolutions but there were no resources to take forward plans. We report to the men in the executive committee, leaving it to them whether they hear us or not."**

While she agrees that it is important that women do get together to discuss issues, she believes that women must be empowered to participate in the decision making bodies of IndustriALL internationally and in the region. **"Women must have the opportunity to use their voices, so that men can realize that we are their equals. It is only through communication that we can address our shortcomings from within and be united to take up the fight for workers."**

Words are easy though, what makes Jane truly remarkable is her willingness to take action against injustice, even at great personal costs. In 2003 Jane, together with others, embarked on a hunger strike to protest the inaction of government when 60 drivers of a tour company were dismissed for refusing to accept changes to overtime conditions and payments without negotiations. Jane admits that she thought the hunger strike would last only three days and that she was really frightened as the days went past, taking nine days before the government bowed to pressure and intervened.

Despite having first hand experience of the suffering that has to be endured during a hunger strike and knowing the toll it took on her family, especially her daughter who was five at the time, filled with anxiety for her well being, Jane volunteered again to go on hunger strike in 2011. This time to give solidarity to a union leader, Rehana Ameer that had spent a year fighting an unfair dismissal from the Mauritian Broadcasting Corporation. When the government heard of the intended hunger strike, they took urgent steps to address the issue, which resulted in Ameer's reinstatement.

Today Jane is a respected labour leader in Mauritius and her opinion is sought out on a range of issues drawing on her years of experience as an activist. Her activism started 25 years ago when she decided to join the Chemical Manufacturing and Connected Trades Employees' Union (CMCTEU), together with other women at the jewellery factory she worked at. The factory was located in an export processing zone, where workers, mostly women, are subjected to exploitative working conditions and unhealthy work environments.

The employer did not react well to the workers' decision to join the union and the situation was tense with the threat of dismissal but Jane accepted nomination as a worker representative. Through her interaction with the union organizer, he realized that Jane had an ability to write and roped her in to produce pamphlets exposing her to the inside workings of the union.

When the factory closed down 13 years ago, Jane applied for an administrative post in the Private Enterprises Employees' Union (PEEU) but continued to be a member of her union, CMCTEU. Over the years, Jane has grown into the role of a union negotiator and today serves both PEEU and CMCTEU in this capacity. Two years ago, Jane was elected the first women president of the Confederation of Trade Unions in Mauritius, one of seven confederations in Mauritius.

**"It is simple really, I like what I am doing and I would like others to experience the same," says Jane. "If people could choose the work that they are doing and get to enjoy this, then the world would be a better place."**

**With 200 million people unemployed in today's global jobs crisis, the new ILO Director General Guy Ryder is working to unblock internal deadlock and strengthen the ILO into an organization that tackles the crisis head-on.**

Global Worker interviewed newly elected Director General Guy Ryder on 28 March 2013. Ryder, the first ILO Director General from the ranks of the workers, spent 25 years working in the trade union movement including at the UK's TUC, the Global Union Federation UNI, then called FIAT, and the ICFTU-ITUC of which he served as General Secretary.

This experience showed him "the importance of the ILO for the work that trade unions do internationally, and the need of the international trade union movement to be ready to change and to modernize. I think my election is precisely a reflection of the movement's capacity to move with the times," says Ryder.

**What effects has the financial crisis had on workers around the world?**

Very, very harmful effects. We all look back to those days of 2007 and 2008, and the collapse of Lehman Brothers, feeling that we were on the edge of something very, very dangerous. But it was a financial crisis, the international financial systems seemed to be trembling on the edge of abyss, and all of the international community directed its efforts at saving the financial system.

When the G20 was created at the end of 2008 it was very explicitly to rescue the financial system. The financial crisis very quickly transformed itself into an economic, social and employment crisis above all. We are living today with over 200 million people around the world unemployed, and with that figure projected to continue rising. We are right in the depths of a global employment crisis.

**What policies should governments be adopting to create decent jobs?**

Some of the policies that have been applied to deal with the crisis have not only created joblessness, but they have affected negatively the terms and conditions of working people's employment, the people that IndustriALL represents. There is a triple-whammy here, people are out of jobs, people in jobs have got pressure on their terms and conditions, and the public services on which people rely are also under pressure. So I think it is a particularly dangerous situation for working people, and the ILO and others have to try to turn it around.

**"I was elected on an agenda for reform and change in the organization. But that change is combined with a degree of continuity."**



**Guy Ryder  
on tackling  
the job crisis**

**interview**

TEXT:  
Tom Grinter

MAIN PHOTO:  
Cherisse Fredricks

**What steps is the ILO taking and planning to take to turn it around?**

One of the definitive moments for the ILO in its role in the crisis response was when we got our seat at the G20 in Pittsburgh in September 2009. Now at that time, governments were saying very clearly that we need to put jobs, creation of jobs, and economic growth at the centre of crisis response. And the ILO has been an active and influential player in making that case. My view is we haven't done enough, the ILO or the G20. The G20 is still not giving enough effective weight to job creation.

We have an opportunity in the ILO and the G20 this year, with a new policy of convening a joint meeting of labour ministers and finance ministers. We have to make connections between the financial situation, financial policy and the jobs policy.

**How can the ILO raise its prominence in leading the work agenda?**

I was elected on an agenda for reform and change in the organization. But that change is combined with a degree of continuity. The ILO will continue promoting the decent work agenda, which pushes for work opportunities for everybody, rights at work, strong social dialogue, collective bargaining and social protection systems, and work that renders a decent standard of living. This important agenda has the support and investment of our constituents.

At the ILO we need to strengthen our capacities to actually deliver on that agenda. Since I've been here, and it's now six months, we've been working very hard to reorganize our own work. We've just restructured our headquarters here in Geneva to upgrade our analytical capacities, our knowledge base, our

statistical, and our research base. Because if we want to play in the same arena as the World Bank, International Monetary Fund and the OECD, we have to really be at the top level in our analytical capacities.

**IndustriALL Global Union members around the world are fighting violations of their core rights on a daily basis. What does this mean for the ILO's fundamental principles; do they now have a diminished value because they are being broken constantly?**

The ILO defined these fundamental rights in a declaration in 1998 on fundamental principles and rights at work. We have the responsibility of doing everything within our power to ensure their promotion and respect. There is absolutely no diminution of the importance of those rights; they are essential and recognized across the board.

Not only workers but employers and governments tell us that these fundamental rights are a key part of the global economy. But you're quite right, the reality is that they are being violated, not systematically and everywhere, but in many situations and in a way that is unacceptable. The ILO's job is to make sure that the realities correspond to governments' statements of principle, and that's a constant fight, I have no illusions about it. It's a big part of our work.

**What happened last year when the employers' group aggressively brought deadlock during the annual labour conference around the issue of the right to strike?**

Yes last June we had a difficult discussion in our Committee on the Application of Standards, the committee of the conference that normally examines 25 serious country cases in detail. For the last 50 years every conference has examined these cases, adopted conclusions, and the process goes on. For the first time in many decades, that committee was unable to do its work. Why, because as you've indicated the employers' group said look, we think that the Committee of Experts which reports to the conference is basically exceeding its mandate, has over or misinterpreted the notion of the right to strike and because of that we're unwilling to engage in a process, it was impossible to agree a list of cases.

Now this sounds very technical, but the reality is that we're faced with a major disagreement, whose importance I won't understate. It's a major problem. A disagreement on the authority of the Committee of Experts of the ILO which is a key part of our standards system, and the way our standards are supervised. The epicentre of that disagreement is the right to strike, but it's a wider problem of the authority of the system that since June we've been working to try to resolve.

**In countries where labour standards are especially low and joining a union often brings serious persecution, what does the ILO do to improve implementation of international standards?**

We have different instruments available to us. Some of those formal instruments of complaints get followed up through the ILO's machinery and produce results. The most obvious and dramatic case is Burma/Myanmar, a country which for decades had no trade unions, had a repressive military regime, and had systemic use of forced labour of the most appalling type. And thanks to the international trade union movement, the ILO has worked to bring change.

Today, and we have people working on the ground on this, there are over 600 workplace trade unions operating in the country. We are promoting their work, we are educating them. We had Aung San Suu Kyi here at our conference last June. It was a very emotional moment, paying tribute to the historic role of the ILO in this, the most difficult case you could have imagined.

**And finally:**

I owe a great deal to the support of the international trade union movement that presented my candidacy and, along with others who supported my platform, got me elected. I think it is a sign of the respect and influence that the movement has in the international policy arena. IndustriALL was created to enable working people to confront the challenges of globalization successfully, and I think that in the early days IndustriALL is demonstrating that it is precisely the type of answer to the problems that we need.



**PHOTO 2:**  
G20 Summit's first plenary session in the Pittsburgh, USA.  
*Jim Bourg/Reuters*

**“We have an opportunity in the ILO and the G20 this year, with a new policy of convening a joint meeting of labour ministers and finance ministers. We have to make connections between the financial situation, financial policy and the jobs policy.”**

The high price of ready-made garments  
Bangladesh



# Costing lives: Bangladeshi garment industry

**A recent spate of deadly fires has cast a shadow over the booming garment industry in Bangladesh. Paying workers a minimum salary of US\$38 a month, the lowest in the world, the export of ready-made garments has quadrupled from US\$5.99 billion in 2001 to US\$24.3 billion in 2012. To ensure the industry's future, building and fire safety, working conditions and union rights must improve.**

TEXT & PHOTOS:

Alex Ivanou

LOCATION:

Dhaka, Bangladesh

feature

MAIN PHOTO:

Razia recounts the ordeal of the Tazreen Fashion factory fire.

## Fire, fire, fire!

On Saturday 24 November 2012, 24-year-old Razia was at work in the sewing department on the third floor of Tazreen Fashion, a factory employing 1,630 workers. After a ten-hour shift, she had just taken a short break to get something to eat and was now back at her machine with several hours of overtime ahead of her.

Tazreen was one of hundreds of factories in the Ashulia district on the outskirts of Dhaka. On that particular night as many as 600 Tazreen workers were still at work, filling urgent orders for leading global brands such as Walmart, Sears, Disney and C&A.

At 18:45, the fire alarm went off. The sound sent a ripple of fear through the sewing department.

"I ran for the exit, but the supervisor locked the door, saying it was just a false alarm and we should get back to work," says Razia. "I went back to my machine feeling very nervous. I sewed a few more pieces, but the next time I looked up smoke was pouring into the room. Then the light went out.

"Everyone panicked," says Razia. "We groped in the darkness towards the sample room. People were frantically smashing the glass and tearing away the grille that covered the window."

A narrow alleyway separated the wall of the factory from the rooftops of the shanties below. Her ears ringing with the screams of her colleagues, Razia climbed out on to the rickety bamboo scaffolding and leaped out to the ground below.

She landed with a thud. As she lay there, dazed, another worker fell on top of her, smashing her elbow.

The high price of ready-made garments  
**Bangladesh**



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In all, 112 workers died that night, and over 200 were injured, making it the deadliest industrial accident in the nation's history at that time.

The bodies of 53 workers were so badly charred that they could not be identified without DNA testing. They had been trapped inside the building, unable to escape. Others had died as they jumped from the upper floors in a desperate bid to escape.

It took firefighters all night to put out the blaze. By morning, the entire block had been destroyed. Along with it, Razia's small shanty that she shared with her husband and two children had been reduced to ashes along with almost all their possessions.

**Uncertain future**

Sitting on a bench in a small shed with no windows, serving as a local union office, Razia cannot hold back her tears when recalling that November night.

Razia received some practical and financial assistance in the aftermath of the fire, but like many others, is yet to receive the 600,000 BDT (US\$7,670) in compensation promised by the government to the victims of the fire.

"I am not sure what I am going to do," says Razia. "I have spent almost all my savings on treating my elbow, but it still hurts," she says.

Razia, her husband, Jalal, and their two sons, 8 and 10 years, one of them disabled, now jostle in a tiny place with her parents-in-law. Razia is desperately looking for a job. Fortunately her husband has a job as a senior sewing operator at another garment factory, Ananta Fashion, so at least their family can survive.

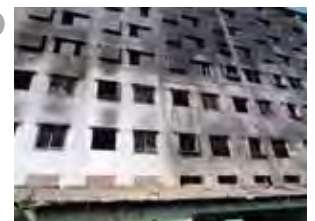
**More can be done**

Meanwhile, on 26 January 2013 at Smart Fashion factory, also located in the Dhaka area, seven workers died in a factory fire, all young women aged between 15 to 28 years. Another 20 workers received different types of traumas and injuries as a result of the blaze.

A day after the tragedy, Inditex, one of the buyers that sourced from Smart Fashion, got in touch with IndustriALL Global Union with which it has a global framework agreement (GFA). Through an open exchange of information a remediation action plan and an agreement on compensation was reached.

**Successive governments have been unwilling or unable to take any strong action to regulate the \$20 billion-a-year garment industry.**

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In accordance with the agreement, each family of the perished workers received 1,049,000 BDT (US\$13,300), and one family with two minor children got an additional 10 per cent payment to meet education costs. It was also agreed that the injured workers, as well as those who lost their employment would receive compensation.

One month after the fire, the payment was shared by the brands Inditex and New Look and disbursed to the families. In addition, the employers' associations, Bangladesh Garment Manufacturers' & Exporters' Association (BGMEA) and Bangladesh Knitwear Manufacturers' and Exporters' Association (BKMEA) each paid 100,000 BDT (US\$1,270) to every family. The Bangladeshi government has also announced it will pay 300,000 BDT (US\$3,800).

### Three conditions for a sustainable future

Successive governments have been unwilling or unable to take any strong action to regulate the \$20 billion-a-year garment industry, which accounts for 80 per cent of the country's total export earnings and provides employment to almost four million workers.



3

The Bangladesh industry has failed to learn from the Spectrum factory collapse that left 64 workers dead in 2005, the KTS Chittagong fire that killed 67 workers in 2006, the Hameem fire that killed 29 workers in 2010, or any of the other 12 deadly fires that combined have killed nearly 600 workers in the past ten years.

After long negotiations, a memorandum of understanding on fire and building safety in Bangladesh was signed in 2012 by IndustriALL, the Clean Clothes Campaign, the Workers' Rights Consortium, the International Labor Rights Fund and the Maquila Solidarity Network, together with two retailers PVH (owner of Calvin Klein and Tommy Hilfiger) and Tchibo. The program will be launched once a minimum of four brands have signed on to the agreement.



4

In February 2013, IndustriALL Global Union convened a multi-stakeholder meeting in Dhaka involving all the main players including the government, employers, brands and buyers, unions and the International Labour Organization (ILO). Jyrki Raina, General Secretary of IndustriALL Global Union, told participants that progress on three areas, union rights, building and fire safety and increased wages, was critical for ensuring a sustainable future of the garment industry in Bangladesh.

Meanwhile, a historic Tripartite Statement on Fire Safety was signed by the Bangladeshi government, employers and unions in January 2013. Facilitated by the ILO, it led in March to the adoption of a National Action Plan, where the tripartite partners committed themselves to working together to develop, promote and implement collaborative, participatory and transparent mechanisms to ensure fire safety in Bangladesh.

IndustriALL together with its NGO partners reacted to the positive developments by calling on the brands and retailers to combine the various fire safety initiatives into one coordinated approach, based on the new national plan. IndustriALL is now working with the German government agency GIZ on a new joint Fire Safety Alliance in order to bring about real change in the form of training, worker participation in workplaces, and upgrades of dangerous factories.

### Giving workers a voice

The action plan on improving safety in the garment sector also commits the Bangladesh government to ensuring freedom of association in line with internationally recognized labour standards of the ILO.

There are 39 national union federations in Bangladesh. Structurally, both by law and by tradition, the unions are organized by sector at plant and national levels, and in the inter-sectoral national centres. In the garment sector only an estimated one per cent of workers are organized.

Roy Ramesh Chandra, General Secretary of IndustriALL Bangladesh Council (IBC), the organization that gathers 14 IndustriALL Global Union affiliates from manufacturing

**PHOTO 1:**

Razia with a few aluminum dishes and a couple of kilos of rice, everything her family was left with after the fire at Tazreen factory destroyed their shanty home.

**PHOTO 2:**

Fire at the Tazreen Fashion factory resulted in the death of 112 workers and over 200 were injured.

**PHOTO 3:**

Forida, Shima, Parvin, Fhima, Jhoana and Rina lost their jobs following the fire at Smart Fashion, some need medical treatment to recover from injuries received during the fire.

**PHOTO 4:**

The slums on the outskirts of Dhaka where most garment workers live together with their families.

# The high price of ready-made garments Bangladesh

sectors, openly points to the weakness of the national trade union movement.

“At the plant level, particularly in the garment sector, the trade unions are mostly invisible, because many employers there are antagonistic to trade unions, and the government is reluctant to implement a distinct labour legislation. It fails to comply with undertaken international obligations including ILO Conventions 98 and 87, thus keeping the trade unions really in their primitive stage,” says Ramesh.

Nazrul Islam Khan, President of IBC, echoes these views adding, “many workers do not get their written appointment letters making it very difficult to organize them as the employer can very easily manipulate them.”

Both Ramesh and Khan agree that the trade unions in Bangladesh lack dedicated, committed and aggressive organizers. They desperately need capacity building and skill development especially in the field of negotiation and collective bargaining, organizing and communication.

While unions are fragmented and atomized, the employers, led by BGMEA and BKMEA, are very powerful and united both in terms of their resources and skills. The fact that one of the three parties is weak remains a consistent disturbing obstacle to establishing harmonized industrial relations in the country.

The net result is that Bangladesh garment workers are the lowest paid in the world. With a minimum salary of 3,000 BDT (US\$38), the workers are forced to work excessive hours to survive and lead a miserable life. By comparison, in China, the biggest exporter of ready-made garments, the minimum wages in the Shenzhen region reached 1,500 CNY (US\$240) in 2012 with further increases foreseen in other less economically strong regions.



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## Organizing women

Out of the nearly four million workers, 80 per cent are young women coming from rural areas with little or no literacy skills. In a bid to escape extreme poverty and help their families to survive many girls are leaving school at the age of 12 or 13 and start working before reaching the legal age of 15 years.

Vulnerable and subject to different types of abuse, these workers are often reluctant to establish contact with the unions, and female union organizers are essential. Nazrul Islam Khan, President of IBC, says the unions currently have around 15 female organizers, which is certainly not enough for a meaningful national organizing campaign.

## The road ahead

Following pressure from IndustriALL and the ILO, the government has announced a labour law revision in April and it has eased the cumbersome procedure for setting up unions. During recent months, 16 new local level organizations have been registered by the authorities.

IndustriALL and its Bangladesh Council continue negotiating for compensation for Razia and victims of the fire at Tazreen Fashion. The case of Smart Fashion proved that such compensation can be delivered quickly, within a month in this case.

The future of the Bangladeshi garment industry will however depend on action to make factories safe, allow workers to join unions and pay them a living wage. In March, Walmart was reported to be reconsidering its sourcing from the country. Widespread media attention in Europe and North America on the exploitation of Bangladeshi garment workers has forced the retailers and brands to evaluate the potential damage to their image if no change to the better is within sight.

## BANGLADESH

140 million people live on a territory that is half the size of Italy, with some 10 per cent of the land covered by water. The population has more than doubled since independence in 1971, the result of the Bangladesh Liberation War. Almost half of Bangladesh population is employed in agriculture, however more than three quarters of its exports are from the textile, clothing and ready-made garment industry.

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## A VISIT TO THE DBL FACTORY IN ASHULIA

**Our road from Dhaka, a crowded and vibrant city of 20 million people, to Ashulia, an industrial region on the outskirts of Dhaka, takes almost two hours and goes through infinite paddy fields and numerous brick factories, identified by their high chimney stacks.**



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We are on our way to visit a DBL Group garment factory that supplies to H&M.

The people that run the H&M corporate social responsibility unit, who organized our visit, refer to the region as the Ashulia cluster.

Our two or three year old minivan looks luxurious, surrounded as it is with rattletrap cars and buses covered with discoloured paint in a desperate hope to hide rust stains and bumps. Most vehicles on the road are in use for at least 30 to 40 years.

The traffic at this midday hour is very intense. The constant sound of claxons at first give the impression of irritated or even angry of drivers, but in reality the loud horns are used to warn others of routine manoeuvres, as your side blinkers may go unnoticed when other cars are so close. Here and there, tiny green motorised taxis called CNGs, fuelled by Condensed Natural Gas, hence the name, and colourful rickshaws dodge in and out of the traffic. There are many who try bypassing the traffic on the side of the road, turning this originally two-lane road into one of four-lanes.

Finally we arrive at one of the factories of the DBL Group. The group started its business in 1991 and today the company has a large spectrum of activities specialized in cotton spinning, fabric knitting, dyeing, finishing and garments cutting, sewing, washing, finishing, packing and exporting of the ready-made garment goods.

The main buyers of the group include H&M, George, Esprit, Puma, G-Star, Decathlon, C&A, MQ Sweden and Walmart Canada. In 2012 the annual turnover reached US\$220 million.

The general manager, Mohammed Zahidullah, is quite friendly and open when speaking about working conditions and different benefits his workers have compared to the neighbouring companies. The DBL group positions itself as progressive and socially responsible and supports a large variety of different sustainability and socially oriented community programs.

Wages are calculated on the basis of a 48-hours and 6 day working week according to the grades of the workers. DBL workers in the 7th grade, the lowest, earn monthly 3,300 BDT (US\$42), 10 per cent higher than the current minimum national wage of 3,000 BDT (US\$38). Workers in the 2nd grade earn 4,800 BDT (US\$70) and should have relevant experience, qualifications or even university education. At these levels, almost all the workers have to do overtime to get by, on average reaching as many as 60 to 66 hours a week.

Our midday visit to the factory is very fast, but even a quick glance gives the impression of workers looking quite tired. The temperature in the premises is 26°C, when outside is 30°C. One can only guess what happens when the temperature outside reaches 40°C or 45°C. It is hard to believe the industrial fans moving the air back and forth with no cooling system are a good remedy.

To its credit, the company carried out regular monthly training for both supervisors and workers on how to behave in case of fire. H&M refers to some 12,000 to 13,000 fire incidents per year. To overcome the lack of state regulation on fire safety H&M has employed a full team of auditors including 350 people who are inspecting their sourcing factories in Bangladesh.

There is no union at the factory. The workers' interests are represented by the Worker Participation Committee, whose members are selected by the management. "This is the situation at many other contractors of H&M," notes the H&M sustainability manager in attendance, adding that for them as a big buyer the situation would be a lot easier to handle if union committees were present and active at plant level.

**Out of the nearly four million apparel workers, 80 per cent are young women coming from rural areas.**

**PHOTO 5:**  
Seven female workers died in the fire at Smart Fashion.

**PHOTO 6:**  
Workers at DBL factory checking the quality of garments.

**PHOTO 7:**  
Members of the Worker Participation Committee at DBL factory.

**PHOTO 8:**  
Sewing shop at DBL factory.

COUNTRY:

Russia

UNION:

Russian Chemical  
Workers' Union

## profile

TEXT:

Ilya Matveev

PHOTO:

Alexander Sitnov, RCWU President, carrying the flag for union rights at Russian oil company Bashneft.



## Union prevails at Bashneft

In 2012 and 2013, Alexander Sitnov, President of the Russian Chemical Workers' Union (RCWU) led a campaign to defend the collective bargaining rights of the union at Bashneft, one of the largest oil companies in Russia.



**Two of RCWU's locals were in danger when Bashneft was determined to destroy independent union representation at its plants. In October 2012 Bashneft management in two cities, Orenburg and Ufa, refused to renegotiate the collective bargaining agreement with the RCWU locals and announced that it would interact only with so-called labour councils, created by the management itself.**

The union responded with a powerful campaign of protest. Workers took to the streets in both cities. In Ufa, 200 workers picketed Bashneft office with the weather as cold as -30°C. Solidarity actions were held in Moscow, too. With support of FNPR, Russia's largest union federation, a national solidarity campaign was launched. However, RCWU didn't stop at this point and called IndustriALL Global Union for international solidarity.

IndustriALL sent a letter to the Bashneft top managers, urging them to withdraw from anti-union tactics and engage in good-faith negotiations with RCWU. Furthermore, IndustriALL created an ACT NOW page on its website, and over 3,000 people from all over the world sent letters of protest to Bashneft management.

The campaign proved to be a success. Pressure on RCWU locals in Orenburg and Ufa stopped. Zumara Ganieva, president of the union branch in Ufa, became a member of the collective bargaining committee. Now Alexander Sitnov is preparing a joint document with Valentin Timakov, Bashneft president, to prevent such situations in the future.

"Unfortunately, there were many cases similar to Bashneft in the past," says Sitnov. For example, conflict at Akron Group has glowed for several years. The union committee was forced out of its office at the plant. The management also tried to create its own yellow union. Union leaders were denied entrance to the plant, and rank-and-file activists were under constant pressure. "There were many court hearings, we applied for each and every government authority," says Sitnov. "I believe that we came off from this battle with honour. We saved our local. Currently we are active both at Akron and its subsidiary Dorogobuzh. Our victory played no small part in the fact that the owner replaced the president and the CEO of Akron Group."

Alexander Sitnov, born in 1952, has a technical education and worked as an engineer at a chemical plant in the 1980s. He joined the union committee at the plant. In 1991 he became the head of the Press Center of the Russian Chemical Workers' Union (RCWU), and in 2002 he was elected as RCWU president.

In December 2013, RCWU celebrates its 95th anniversary. The union is just one year younger than the October revolution. RCWU exists in its present form since 1990. Currently the union boasts over 600 union locals and over 370,000 members. RCWU is active both at small chemical plants and big corporations.

Today RCWU faces another difficult situation at Gazprom Neftehim Salavat, a chemical plant currently being acquired by another large Russian corporation, Gazprom. "The RCWU local at the plant was infiltrated by the agents of the management," claims Sitnov. "It was revealed that such 'activists' were visiting the shops with managers and forced workers to sign statements on leaving RCWU and joining a company-controlled yellow union instead. Now we understand how to protect our members at Neftehim Salavat and stop this outrageous situation organized by the management and union sell-outs. We will probably have to ask for IndustriALL's help again," says Sitnov.

"Our biggest priority now is to grow, to change our internal structure and develop new approaches. We see that every third worker at the plants where we have a presence is not a union member. But many plants don't have union representation at all! We need more organizing, that's clear," says Sitnov.

He concludes, "Now, when we'd held a successful campaign at Bashneft, we ourselves have seen what a powerful instrument international solidarity is - and other unions couldn't help but notice it!"



# SUSTAINABLE INDUSTRIAL POLICY



TEXT:  
**Jenny Holdcroft & Brian Kohler**  
 CASE STUDIES:  
**Aisha Buhadur & Valeska Solis**

## Towards sustainable industrial policy

IndustriALL Global Union is embarking on a process to discuss, debate and develop sustainable industrial policy by working with its affiliates – unions representing workers in the mining, energy and manufacturing sectors. The goal is to engage workers and unions in the issue and build our capacity to better negotiate at the national, regional and global level for a sustainable future for all.

# special report

MAIN PHOTO:  
 Wind/solar energy workers protest in Kiel Germany against the conservative government's slow move towards renewable energy. *IG Metall*

The future for workers and their families is looking increasingly bleak. The promise that globalization would deliver more opportunities and greater prosperity by driving economic growth and distributing the benefits has been broken. It is now five years since the start of the economic crisis and global unemployment continues to rise, inequality is increasing and opportunities for the world's youth are evaporating. Meanwhile, no progress is being made on solving the serious environmental crises that confront us.

Across the industries in which IndustriALL represents workers, multinational companies are calling the shots. National governments are proving unable to hold MNCs to account for environmental damage and violations of labour standards perpetrated by the companies themselves or by contractors in their vast supply chains.

A different approach is urgently needed. One that involves citizens through democratic governance and workers through workplace representation. An approach that confronts the pressing need to deal with climate change and fairly distributes the costs and benefits.

IndustriALL has a critical role to play in advocating for sustainable industrial policy as the global union representing workers worldwide in the extractive, manufacturing and processing industries. The future sustainability of these industries, and of the planet we live on, depends on governments making strategic choices. Trade unions must work with governments and business to ensure that union goals of job creation, recognition of human rights and protection of the environment are respected in the process. This is why IndustriALL is embarking on an ambitious program of working with its affiliates to develop and implement sustainable industrial policy.

## What is Sustainable Industrial Policy?

Sustainability is defined as meeting the needs of the present, without compromising the ability of future generations to meet theirs. That implies a healthy environment, a healthy economy, and a healthy society, built on sound foundations and maintained through good global governance.

An industrial policy is a plan to encourage desired patterns of industrial development and growth. It should strategically target specific industries and sectors, as well as consider broader needs such as transportation and communications infrastructure, education and skills training, research, and energy.

Sustainable industrial policy is not about creating conditions for companies to thrive at the expense of workers, society and the environment. It's about creating conditions under which companies can operate in order to make a sustainable contribution to society.

## Why do we need it?

### THE TRIPLE CRISIS

Our current path is unsustainable. We are facing crises on three fronts: environmental, economic and social.

Climate change is a real and serious threat. The Intergovernmental Panel on Climate Change (IPCC) estimates that to maintain global average warming below 2°C above pre-industrial levels very significant actions need to be taken by 2015-2018. If the world delays, maintaining the 2° limit will require technologies that have not yet been developed, or are not yet proven.

The longer action is delayed, the more likely that social standards and human rights will be sacrificed in a last minute panic to save the planet.

The degradation of our planet's natural systems continues with reckless speed. Businesses have few solutions to offer. Too frequently, private interests actively try to prevent solutions from being found or implemented.

Global corporations act to maximize private control over resources, production, consumption and investment, while spreading the costs and risks of their activities over the rest of society. Their focus is on maximizing short-term profit, in full knowledge that this is unsustainable.

The economic crisis resulted from policies that fuelled unbridled financial speculation and short-term profits at the expense of productive investment in the real economy. In countries most affected by the crisis, workers paid the price in massive job losses and rising unemployment. Citizens



paid the price when taxpayers' money was used to bail out the banks whose activities precipitated the crisis, and continue to pay as governments use the deficits caused by the bailouts to justify austerity measures.

The twin crises of the environment and the economy have created a third: a social crisis. Increasing disparities in wealth and income, reduced access to education, attacks on health care, an explosion in precarious work, and vanishing opportunities, particularly for young people, are all consequences of the failure to build a sustainable society.

### RACE TO THE BOTTOM

Capital is no longer restricted to operating within national boundaries. Companies of all sizes and industries are inter-connected through global value chains (GVCs). Multinational corporations have driven the development of GVCs by outsourcing parts or all of the production process.

Countries compete to be part of GVCs, often through narrow specialization in labour-intensive, low skilled stages of production. Far from developing



**The degradation of our planet's natural systems continues with reckless speed. Businesses have few solutions to offer. Too frequently, private interests actively try to prevent solutions from being found or implemented.**

sustainable industrial policies, many governments rely on Export Processing Zones to attract foreign investment. Tax breaks and other incentives allow the wealth generated by production and labour to go directly into the coffers of the MNCs at the top of the chains, rather than into the hands of workers, or to contribute to the development of local industry.

The result is a global competition to drive down wages. Governments are allowing MNCs to dictate the conditions under which workers labour in their countries by demanding prices which do not reflect the true cost of labour, but which they are able to impose because of their dominant position in the chain.

We are witnessing the breaking down of the historical link between wages and productivity and the decline of collective bargaining as a mechanism to fairly distribute profits and the gains from productivity improvements.

### What does it look like?

Sustainable industrial policy involves the development of effective industrial relations to mediate between the competing interests of workers and capital. Inequality must be addressed through collective bargaining to ensure that productivity improvements benefit those that contribute to them, thus raising wages and in turn contributing to industrial and social stability, reducing inequality and driving demand for the products of industrial production.

Sustainable industrial policy:

- encourages the development of greener technologies that address problems like climate change, while creating large numbers of decent jobs.
- respects human rights, including the effective implementation of labour standards including promotion of collective bargaining, resources for labour inspection, promotion of dialogue between industry and trade unions and labour laws which restrict precarious work.
- is underpinned by social protection policies addressing unemployment, retirement and health care, to which industry must be required to contribute.

## BUILDING SUSTAINABLE INDUSTRY IN A GLOBALIZED WORLD

Participation in global value chains must be about employment and quality of employment, not just driving increased profits for MNCs. Governments need to create industrial policies which lead to a more equitable distribution of the benefits of participation in GVCs towards workers and society and reinvestment in research and development and skills. We need integrated industrial development strategies, linked to the sustainable development of local industries as opposed to the enclave approach of EPZs.

Government policies should aim at encouraging higher level participation in value chains to capture more of the value added, thus strengthening the position of local companies and leading to increased wages, better working conditions and higher skill levels. But these benefits do not flow automatically. Collective bargaining must be promoted as the means to ensuring that workers also benefit from a higher level of participation in GVCs.

### JUST TRANSITION

Knowing that our present-day systems are failing, the labour movement seeks to create a better, fairer society. There will necessarily be a transition period in getting to where we want to be, from where we are now. It is not sufficient that many new, greener, jobs will be created during that transition. The transition must consider the needs of present-day workers in present-day industries, as well as the potential to create newer, greener jobs in our journey to a sustainable future. This is a "Just Transition": a complete package of sustainable industrial policies and social programs that will allow workers to benefit from change, rather than bear its costs.

### How can it be implemented?

#### STRENGTHENING THE ROLE OF GOVERNMENT

The free market cannot create sustainable development. There is no automatic link between economic growth and improved living standards. Per capita GDP can



### CASE STUDY

#### CLEANER PRODUCTION IN SMALL AND MEDIUM-SIZED ARGENTINIAN COMPANIES

In Latin America policies to promote sustainable and responsible production initially remained subordinate to the urgent need for economic recovery from the neoliberal crisis and the desperate need to generate jobs given national unemployment rates of about 25 per cent. Nevertheless, in Argentina, the government took the initiative, introducing a Federal Cleaner Production Programme that focuses on providing subsidies to small and medium-sized companies to encourage cleaner production initiatives.

The programme does not try to remedy the harm already caused to the environment, but attempts to avoid further pollution. The programme aims to promote a preventive environmental strategy that reduces pollutants emitted in the productive process, makes savings in the use of raw materials, optimizes the use of water and energy, while at the same time substituting imports, developing the internal market, stimulating technological development and promoting social inclusion by providing decent work.

One example is Electromecánica Breccia, which used to use 9,000 litres of water a week in the process of repairing 30 washing machines. In order to fully test the repaired machines, the company needs to do a minimum of three complete washes. It used to use 100 litres of drinking water for each wash, which means an average of 300 litres water per machine. However, thanks to the government programme, the company developed a recycling system that reuses the water indefinitely.

**PHOTO 1:**  
Pumping system used to load oil into tanker, Port Genoa, Italy. Crozet, M./ILO photo library

**PHOTO 2:**  
Wind/solar energy workers protest in Kiel Germany. IG Metall



increase, while inequality worsens, and the environment is degraded. Government intervention is needed to rebalance the distribution of the benefits of economic activity.

Governments must create public policy that is genuinely in the public interest; backed by a strong and enforceable legislative and regulatory framework.

But the rise of free-market ideology has seen the decline of industrial policy-making by governments. State intervention to shape the direction of industrial development is challenged as protectionism and an illegitimate constraint on capital. Trade rules and agreements restrict government capacity to legislate environmental and social protections in the interests of their own citizens. Investor-state dispute settlement provisions in international trade agreements allow corporations to sue governments when legislation conflicts with their investment goals.

There needs to be a rebalancing of the power to dictate the terms of industrial development, away from MNCs and back to democratically-elected governments. Industrial policy needs to be revived, in order to correct for market failures through state intervention.

Unions must be part of industrial policy-making and have an equal seat at the table with industry. The transformation of industry cannot happen without the active participation of workers.

### Who is going to pay for it?

Global corporate profits have reached unprecedented levels. Shareholder dividends have increased at the expense of investment, jobs and social protection. Instead of profits being reinvested in R&D and innovation, they are directed towards speculation and rent-seeking.

Government action is needed to drive companies towards re-investing in development. Governments must (re-) establish a regulatory environment which promotes productive investment, and reverse legislative changes that have opened the doors to private equity buy-outs.

Thanks to corporate exploitation of tax loopholes and tax havens, governments are missing out on enormous amounts of tax revenue which could otherwise be used to support local industrial development and the public infrastructure that it needs. Regulation is needed to close the loopholes as well as action to chase down missing tax revenue.

The financial sector must be put to the service of the real economy. Re-regulation of the financial sector must include improving access to private sector financing for the transition to sustainable production. Significant funds to address climate change can be generated through the introduction of a Financial Transactions Tax.

### What can IndustriALL do?

IndustriALL, representing 50 million workers in both energy producing and energy consuming industries, has a critical role to play in calling for sustainable industrial policy. The industries where IndustriALL's members work create value through the transformation of extracted natural resources into products, through manufacturing and processing. How this is done can have significant positive or negative impacts on sustainability.

The IndustriALL Action Plan calls for strong industrial policies that recognize manufacturing as a key engine of growth for national economies. Yet well-paid, secure industrial jobs, which have traditionally been drivers of social progress, are in decline. Many countries still have no industrial policy to speak of, let alone one that incorporates sustainability.

In accordance with its Action Plan, IndustriALL is embarking on a process to develop coherent and sustainable industrial policy covering resource extraction, processing, manufacturing and energy. All affiliates are encouraged to get involved in shaping IndustriALL's approach to sustainable industrial policy, to maximize the impact we can make towards re-orientating the global economy towards a sustainable future.

The trade union voice must be heard in defining how industry adapts to meet the challenges of sustainability: our future depends on it.



### CASE STUDY



### SOUTH AFRICAN UNIONS ON SUSTAINABLE INDUSTRIAL DEVELOPMENT

Transformative sustainable industrial development is an important issue for trade unions in South Africa affiliated to the Congress of South African Trade Unions (Cosatu). Since 2009, climate change has been on the agenda of these unions. They all agree that capitalist accumulation has been the underlying cause of excessive greenhouse gas emissions, and therefore global warming and climate change, and that the present system of production, distribution and consumption is unjust and unsustainable.

While a Just Transition to a low-carbon and climate resilient economy is required, the new low carbon development path must address South Africa's huge socio economic challenges of inequality, poverty and unemployment.

Such a transition requires substantial investment, but Cosatu unions reject market mechanisms to reduce carbon emissions. Instead they call for a carbon budget that is not money, but gas based. They have adopted the notion of 'climate justice' that emphasizes the historic responsibility of developed countries that must pay their climate debt and ensure that technology transfers to developing countries are not fettered by intellectual property rights.

**PHOTO 3**  
COSATU in Johannesburg, South Africa. *IndustriALL*

**PHOTO 4**  
IndustriALL flag at Holcim demonstration in Dübendorf, Switzerland. *IndustriALL*



# “Look Beneath the Shine”

**Nissan builds great vehicles but must respect the rights of its Mississippi workforce.**



“Beneath the shine” is a campaign led by the Mississippi Alliance for Fairness at Nissan (MAFFAN) and supported by the United Auto Workers (UAW) calling on Nissan to stop ignoring international labour standards by denying workers in its Mississippi plant a fair union election.

Clergy members, activists, politicians, students, and concerned citizens from across Mississippi formed the Mississippi Alliance for Fairness at Nissan (MAFFAN) to protest Nissan’s intimidation and suppression of union activity, and to advocate for a fair union election process at Nissan’s Canton, Mississippi plant in the USA.

Michael “Chip” Wells has worked for Nissan for 10 years in the paint department, on the sealer deck. This is where sealer is placed in the seams to keep water and air from leaking into the vehicle. “My co-workers feel that if we form a union there is a possibility of closure because of the videos and the negative press that the UAW is getting inside the plant so many are scared to voice their opinion,” said Chip Wells in front of the Geneva Auto Show in Switzerland. “I felt compelled to become a part of the process to get a fair election at the plant where both sides are heard. Being here in Geneva, we are bringing our voice and our issues to the world to gain support and to put pressure on the company,” Wells added.

Nissan USA is denying workers in its Mississippi plant a fair union election and using a campaign of fear to discourage employees from considering joining the UAW. “Nissan has unions on the international front but when it comes to the US they don’t have any unionized plants. We love Nissan and we thank Nissan for coming but as long as the employees are being intimidated and exploited, our job is to make sure that they have a voice on the outside and get the word

out that we will no longer tolerate this type of treatment,” said Reverend John C. Allen, member of MAFFAN.

Nissan workers are calling on the company to abide by the basic principles for a fair election, including:

- **Prohibiting the union or employer from disparaging the other side,**
- **Providing equal time and access to union supporters to speak with workers when the employer holds a meeting against the union on company time, and**
- **Prohibiting the use of coercion, threats and intimidation to prevent workers from exercising their right to join or refraining from joining the UAW.**

“We believe that workers’ rights are human rights and civil rights, in the south we look at this denial of Nissan workers to associate and be a part of a collective bargaining process to be just one more of a long line of civil rights violations. Mississippi has a history of this, we realize that the laws in the US are very weak and this is why it’s important that the community not only locally but nationally and internationally use their voice to help the Nissan workers,” said Reverend Melvin Chapman, pastor of the Sand Hill Missionary Baptist Church and member of MAFFAN. “We are bringing Mississippi to Geneva to let Nissan know that what is happening in Mississippi is unacceptable,” he added.

COUNTRY:

**United States**

UNION:

**United Auto Workers (UAW)**

## profile

TEXT:

**Cherisse Fredricks**

PHOTO TOP LEFT TO RIGHT:

Reverend John C. Allen, Pastor Melvin Chapman and Michael “Chip” Wells at the Geneva Motor Show on 7 March in Switzerland. *Cherisse Fredricks*

PHOTO BELOW:

US Nissan workers plant a tree at the Geneva Auto Show inviting visitors to Look Beneath the Shine. *Justin Cunningham*



# IndustriALL affiliates take action on Mexico

