

Alberta Federation of Labour

Presentation to the Public Hearings on the G8 Summit Agenda and the North American Relationship

April 2002

The Alberta Federation of Labour (AFL) is pleased to have this opportunity to present its views on the G8 agenda for the 2002 Summit to the House of Commons Standing Committee on Foreign Affairs and International Trade. Due to time constraints, we will make a separate submission on the future of the North American Relationship that will be forwarded to the Committee in the near future.

The Federation represents 112,000 Albertans organized in twenty-nine different unions. Our members work in every sector of the economy and live in communities throughout the province. Although the mandate of the AFL is specifically to represent the interests of unionized men and women and their families, we have always spoken out on behalf of unorganized workers in the province on issues which affect them.

Introduction

This submission will be divided into three parts, addressing the three major issues identified by the Committee; strengthening global economic growth, building a new partnership for Africa's development, and dealing with terrorism. However, there is one prior issue that needs to be dealt with, the issue of the legitimacy of protest.

In the Outline of Key Issues and Questions for Public Discussion, an introductory comment points out the increasingly contested nature of G7 and G8 meetings, with a reference to the violent protests which "marred the last summit in Genoa, Italy in July 2001".

There are three questions that ought to be addressed in reference to protests at G8 and other meetings of multilateral and international organizations. First, why are citizens increasingly driven to protest these events, and secondly, why do protests become violent? Finally, what is an appropriate state response to citizens protesting government activities?

Democracy and globalization

There is clear evidence that, despite political rhetoric to the contrary, the process of globalization has focused entirely upon the rights and economic success of multinational corporations. The social aspects of globalization have been marked by an erosion of living standards, environmental safeguards, public and social programs, and workers' and human rights around the world.

A recent report by the Canadian Centre for Policy Alternatives finds that inequality is both extremely large and has been growing, especially over the past two decades. The report, *The Global Divide*, finds that IMF and World Bank policies of liberalization, privatization and deregulation have been significant contributors to the rise in global inequality. Citing recent World Bank data, author Marc Lee reports that inequality trends were relatively flat from the mid-1960s to the early 1980s, but that from early 1980 onward inequality begins to rise significantly.

Interestingly, income inequality has been increasing in five of the G7 countries: Canada, Italy, Japan, UK and the U.S.A. It has remained constant in Germany and declined in France.

Growing inequality, unchanging levels of absolute poverty, and the undermining of national protections of workers' rights all provide ample cause for discontent with globalization by the majority of citizens of the world.

As the International Confederation of Free Trade Unions said to the recent (March 25, 2002) first meeting of the ILO World Commission on Globalization:

"It is unsurprising that as a consequence, there is a growing concern world-wide that people and governments are losing control of the processes known as globalization. There is a lack of legitimacy of the intergovernmental institutions that can only worsen until peoples' social, developmental and environmental concerns are properly addressed by the multilateral system."

In any society, declining economic and social conditions will lead, inevitably, to dissent. There is a good reason for the rise of a globalization of protest that has increasingly marked meetings of multilateral and international economic institutions from the WTO in Seattle to the G8 in Geneva.

The question then becomes one of the nature of such protest. The trade union movement in Alberta (and throughout the world) is very experienced in protest. Every picket line since the industrial revolution - regardless of the current legal status of such actions - has been contested terrain.

It is our experience that violence is triggered by intemperate use of force, and that it is generally police or other state functionaries whose actions escalate protest to violent confrontation.

The right to dissent is a cornerstone of democracy. It hinges upon freedom of association and freedom of speech and freedom of thought. If democratic governments pursue agendas that evoke strong opposition among the electorate, then they are going to have to expect to come face to face with protesting citizens. They will have to put up with angry placards and name calling, and if they are embarrassed in front of other world leaders because of their citizens' dissent - well that's the price you pay for being an elected leader instead of a military dictator.

However, there has been a disturbing escalation in the state response to dissent. From Vancouver to Seattle to Geneva and Quebec City, the state response has been provocative, escalating and increasingly military in its organization.

The Calgary police have gone so far as to purchase armoured vehicles in preparation for the Kananaskis summit. A prison in the Calgary area has been emptied to make room for detainees, and the federal government used its influence to convince a native band to renege on a signed land agreement with G8 protest organizers. The Calgary police were quoted in the Globe and Mail predicting that someone was going to get killed at the G8 summit protests.

The question has got to be asked: when did protest become so illegitimate in this country that government can take these kinds of policing actions prior to any act and can attempt to stifle dissent as if it were good governance. Canadians who protest policies of globalization are not terrorists or criminals. In a democratic country, government should protect and nurture the right of citizens to speak their mind and demonstrate their opposition or support of public policy.

Part One: Strengthening Global Economic Growth

The current uncertainty in the American economy, fueled by increasing unemployment, consumer and public debt, a huge current account deficit, and an overvalued dollar make any forecasts of strong economic recovery unlikely. The U.S. Federal Reserve acknowledged this by recently maintaining American interest rates at a 40 year low. In Europe, forecasts are for very marginal economic growth over the next several years, and Japan is mired in a seventeen month recession and deflation crisis with no signs of a turnaround.

All three potential engines for economic growth in the advanced economies are therefore unlikely to provide the basis for a strong global economic recovery. In fact, any major shock, like a sudden rise in oil prices, could easily create another recession as deep as or deeper than the mild recession of 2001.

Against this background of a fragile and very moderate economic recovery in the advanced nations is juxtaposed the economic chaos in much of the rest of the world. None of the Highly Indebted Poor Countries (HIPC) are expected to reach the UN Millennium Development Goals without total debt cancellation plus substantial increases in aid. Argentina is now experiencing unemployment levels of 20 per cent while interest on its foreign debt accounts for 30 per cent of its GNP.

Poverty levels around the world are increasing, despite the repeatedly stated intention of the developed nations to deal with the problem.

Economic growth must be enmeshed with social justice

One of the problems with the global economy is that the medicine prescribed for an ailing economy by the international and multilateral institutions controlled by the economically advanced nations may actually be what is spreading the disease.

The International Monetary Fund and the World Bank have been criticized by labour and civil society for their structural adjustment model imposed upon developing countries during the 1980s and 1990s.

The structural adjustments imposed severe reductions in spending on health and education, and privatization of public assets and programs. These actions have been socially destabilizing and economically detrimental - reducing countries' long-term human resource potential.

As the ICFTU pointed out, "all that was achieved was the preservation of a veneer of debt repayment that benefited a handful of the world's most profitable commercial banks." Former World Bank Chief Economist Joseph Stiglitz has pointed out that the most successful developing country economies have been those that did not follow the recommendations of the World Bank or IMF, and that those that did follow them have not done particularly well.

A recent study by the Inter-American Development Bank found that liberalization of financial markets has tended to increase poverty and inequality in Latin America. Even countries experiencing economic growth, like Mexico, Peru and Venezuela had increases in poverty rates.

The IMF has also been notorious for undermining core labour standards. The Fund's policy prescriptions generally include recommendations to reduce wages, reduce protections of workers, and to make labour markets more flexible. Similarly, in Central and Eastern Europe, the World Bank has been advising countries to carry out revisions to national labour codes that would restrict collective bargaining rights.

Development strategies based upon developing food security or rebuilding economies for the domestic market have been discouraged in favour of liberalized trade and investment regimes and export-oriented development strategies.

Wide-spread criticism of the World Trade Organization has been based on the same economic agenda. The social, labour and environmental impacts of trade liberalization have been studiously ignored, as have the negative effects on developing countries.

The Doha Conference made no commitment to even begin to address the negative relationships between trade and core labour standards. There was no progress made toward the demand that public services and socially beneficial service sector activities be exempt from the General Agreement on Trade in Services (GATS). There remains a huge risk of a negative outcome of the GATS negotiations in areas like health and education.

Recommendations:

The Committee background document asks what the G7/G8 countries can do to strengthen economic growth, promote stability, provide debt relief and assistance to the poorest countries, and promote greater sharing of the potential benefits of globalization.

There are many possible courses of action. Among them:

1. Debt cancellation for developing countries.

There are three arguments in support of unilateral and complete debt cancellation. First, the debt is unmanageable and, in many cases interest payments alone completely undermine any possibility of economic progress. Basically, the debt cannot be repaid and recognizing this is simply bowing to the inevitable.

Secondly, there is the argument involving "odious debt" first used by the United States to justify Cuba reneging on its debt to Spain in 1898. Odious debt was considered invalid because it was imposed upon a people without their consent. How many military dictatorships and non-elected governments have borrowed? Should the people of those countries be forced to pay for repayment of a debt over which they had no say nor saw any benefit?

Finally, there is a straight forward argument that says a lender takes risks to lend. Default is one of the risks, and one of the reasons that lenders can charge high levels of interest.

2. International institutions like the World Bank, IMF and WTO must be reformed to make their highest priorities poverty reduction, debt relief, social protection, international financial regulation and respect for core labour standards. Reforms to introduce transparency, democracy and accountability into these institutions are essential to make their objectives improvements in working and living conditions around the world.

3. Insist upon corporate responsibility and accountability.

Multilateral adoption and enforcement of the revised OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles on Multinational Enterprises and Social Policy can insist upon decent behaviour by both inward and outward investors. These instruments could effectively deal with the gross exploitation of labour in export processing zones (850 in existence), child labour, slave labour and environmentally destructive practices.

Part Two: Building a new Partnership for Africa's Development

Although inequality and poverty levels are a worldwide problem, there is justification for immediate and effective action in Africa. **Thirty-two of the 42 Highly Indebted Poor Countries are in Sub-Saharan Africa.**

However, simply finding mechanisms for economic growth are not sufficient means of addressing the region's problems. Economic growth does not, of itself, reduce inequality or poverty.

An increase in Official Direct Aid (ODA) to African nations is essential, as is debt forgiveness.

Like the Canadian Labour Congress, we emphasize the need for the involvement of African civil society in the New Economic Partnership for Africa's Development (NEPAD). Aid for economic development should focus on constructing the social and physical infrastructure necessary for growth - the development of effective education and health care systems are a priority.

Moreover, a focus on domestic production for domestic markets, particularly in the area of food production is critical to the future development of a sound economy.

We strongly endorse the CLC's specific conditions surrounding any granting of unilateral trade privileges as part of an overall comprehensive aid program. That is, that preferential market access be contingent upon respect for fundamental or core labour rights. Further, any Canadian workers displaced as a consequence of such measures be provided compensation and re-training.

Finally, all the provision of G7 aid to Africa cannot be made dependent upon the financial and trade liberalization policies so disastrously in vogue currently at the World Bank and IMF.

Part Three: Dealing with Terrorism

The debate over terrorism is increasingly complicated. Simply defining terrorism in a circular fashion like: "the goal of the terrorist is terror" is not particularly helpful. There is a risk of confusing the intentions and actions and purpose of quite dissimilar groups under the general rubric of terrorism.

While there is no question that the September 11th attack on the United States was an act that inspired terror, it may not be true that the intent of the act was to create terror. Rather, it may have been designed to secure financial support and recruits for the particular brand of anti-American Islamic fundamentalism espoused by the perpetrators. This atrocious act was a consequence of an ignorant, brutal organization that depends upon the existence of a poor ignorant population to sustain it.

Although hunting down and prosecuting the guilty is an understandable reaction, it is not in the long run, a sustainable solution to the problem. As the Committee's background paper noted, this was a decidedly low-tech act. Consequently, high-tech safeguards and systems are not likely to be able to address this kind of act.

No amount of vigilance or security checks or reductions in civil liberties or freedoms is likely to be effective in preventing such acts. However, such measures can have severe and unwarranted effects upon individual rights and freedoms.

Ultimately, the root causes of terrorism must be addressed: global poverty and injustice and most particularly lack of access to education leave uncounted millions of poor, desperate, uneducated people as potential recruits for terrorists.

Terrorists versus freedom fighters

It is very important that armed resistance to undemocratic states not be included under the rubric of terrorism. In no sense are a people organizing against military dictators or oligarchies terrorists.

The right of people to struggle for democracy and for human and social and economic justice cannot be truncated by simply misnaming them terrorists and calling for international sanctions against them.

Conclusion

There appears to finally be a willingness, on the part of the world's developed nations, to seriously address the massive and growing problem of global poverty and inequality. The timing could not be more crucial to address these issues and their relationship to trade, and workers' rights and international governance.

Canada should take the lead at the G7/G8 meetings in Kananaskis to stress the need for immediate and effective action by the most developed nations in the world.

Respectfully submitted,

Alberta Federation of Labour