
World Bank and workers' rights
TUC briefing
3 May 2009

Washington consensus dealt another blow as World Bank accepts workers' rights are good for business

The TUC has welcomed the decision by the World Bank to abandon its position that strong worker and union rights are bad for business and bad for development. Instead, the World Bank will in future advocate such rights, and has set up a joint committee with the International Labour Organisation (ILO), employers, unions and others to refine its indicators on worker protection. World Bank country staff have been advised accordingly.

TUC General Secretary **Brendan Barber** said:

"The World Bank has put another nail in the coffin of the 'Washington consensus' and accepted that the worker and union rights defined by the ILO are good for working people and for the broader economy. Unions and workers' rights are good for business, as well as being fundamental human rights. This is a great decision, and will help people in developing countries fight the recession and emerge stronger when the recession is over."

For some time, the International Trade Union Confederation (ITUC) has been calling for the World Bank to stop advising governments that strong workers' rights are bad for business, and encouraging them to scrap or water down such rights. In particular, the ITUC has blamed the Employing Workers Index (EWI), part of the World Bank's biggest-selling publication, 'Doing Business', which ranks countries in order of the weakness of their labour laws. Although the World Bank has in recent years argued that this doesn't mean the World Bank supports scrapping workers' rights, there are plenty of examples where World Bank country teams have used the EWI to persuade Governments to reduce worker and union rights, and more where Governments and employers have used the existence of the EWI to attack unions – most recently in Rwanda where EWI-inspired labour laws are being considered right now!

Now the World Bank has accepted the global trade union movement's argument, and has issued a memo (www.doingbusiness.org/documents/EWI_revisions.pdf) which among other things says that the World Bank will in future "emphasize the

importance of regulatory approaches that facilitate the creation of more formal sector jobs with adequate safeguards for employees' rights and that guard against the shifting of risk from firms to workers and low-income families."

See also

ITUC welcomes World Bank's decision: www.ituc-csi.org/spip.php?article3505

AFLCIO welcomes the World Bank's decision:
www.aflcio.org/mediacenter/prsptm/pr04292009a.cfm