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Ms. Christine Lagarde
Managing Director
International Monetary Fund
700 19th Street NW
Washington, DC 20431

10 April 2013

Dear Ms. Lagarde,

Statement by Global Unions to the
2013 Spring Meetings of the IMF and World Bank
(Washington, 19-21 April 2013)

The International Labour Organization estimates that almost 200 million people were unemployed in 2012. Even more alarmingly, global unemployment is expected to continue to rise in 2013 and 2014. The situation is particularly acute in the Middle East and North Africa region, and in Europe, where some countries have entered into their fifth successive year of recession.

In Europe, the hope that a combination of austerity and structural reforms would eventually spark growth in European crisis countries and narrow the gap in competitiveness has not materialized. Instead, the current strategy of highly contractionary fiscal policy combined with measures to slash unit labour costs is depressing domestic consumption and dampening growth.

It is urgent for the IMF to support and promote an economic programme for recovery in Europe. The depression-era levels of unemployment in several European states requires an urgent and forceful response from the IMF, European Union and European Central Bank.

The IMF should communicate this publicly to its European partners.

A European economic recovery program must also include an end to harmful labour market ‘reforms.’ IMF recommendations or conditions in this area have included reducing or freezing minimum wages, relaxing dismissal procedures and reducing severance pay. They have aslo included the weakening or dismantling national and sector-level collective bargaining arrangements, at times in contravention of internationally-recognized labour standards.

This despite the Fund’s own research, which recognizes that in European countries labour market regulations are not nearly as signficant an obstacle to growth as are deficiencies in legal systems, infrastructure, goods markets, financial markets, technology transfer, and education and training.

In the MENA region, an important focus of IMF negotiations for new lending has been the removal or reduction of fuel subsidies. The Fund released a global report in early April quantifying the significant fiscal costs of such subsidies, noting their regressive distributional impacts. The report emphasized the long term beneficial impact of subsidy removal on the environment, and called for expanded access to clean energy sources and compensation to low income households. For their part, trade unions in the MENA region have made repeated urgent and public calls for the adoption of mitigating measures. They have vigourously raised alarm that the reduction of energy subsidies can

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have an immediate and devastating detrimental impact on low and middle-income households, unless comprehensive compensation programmes are put in place before price hikes occur.

The IMF should work closely with the World Bank on the timing and sequencing of subsidy removal. This should include adequate time to ensure that social protection measures are fully in place, including cash transfer programmes with equal access for both men and women, and employment creation schemes for young workers. Many countries in the region suffer from a legacy of exclusion and denial of rights. As such, it is especially important for the Fund and Bank to work jointly to support increases in the minimum wage, measures to reduce gender wage gaps, and for strengthened protection of workers' rights to organize and bargain collectively.

In other developing countries, we urge the Fund to continue its ongoing joint work with the ILO. We counsider this work program an important indicator of the IMF's commitment to its stated policies to address inequality and distributional issues.

The Fund and ILO have undertaken pilot projects in three countries to assist governments and social partners to produce job-focused development strategies. The three projects, in Bulgaria, the Dominican Republic and Zambia, resulted in important lessons on incorporating job-rich growth strategies into country programmes and into Fund policy advice. This included welcome advice on topcis such as industrial upgrading and diversification. We urge the Fund to explore with the ILO additional countries with potential for joint work.

The IMF and ILO also have recently completed joint work in three countries to explore fiscal issues related to the sustainable establishment of social protection floors. This joint project in El Salvador, Mozambique and Vietnam, resulted in important lessons learned regarding the financing of social protection schemes, and the integration of social protection into national planning processes. We urge the IMF to propose additional countries to the ILO for joint analytical work, and to assist in implementation of social protection floors in the countries where proposals have already been developed.

The attached Global Unions statement also includes proposals for measures the IMF should adopt to assist in building a private financial sector that supports the real economy, and for steps the Fund can take to assist in the coordinated adoption and implementation of financial transactions taxes in as many countries as possible.

We are working with our trade union colleagues around the world to advance the proposals outlined in the attached statement. I urge you to actively consider our recommendations for the upcoming 2013 Spring Meetings of the IMF and World Bank, and look forward to receiving your reactions to the statement.

Yours sincerely,

General Secretary