

# Debt, Trade and Labour in the Contemporary World

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Debt in the contemporary world is one of the most common factors in national economies of developing and least developed countries. Similar but more significant is the international trade for developing countries & LDCs. Both debt and trade have displaced the big volume of aids & grants. This replacement is also important in the sense that national NGOs have been financially-technically assisted by the international community of INGOs, UN Agencies and other Institutions more to inject their influence and policy as well as programmes in the poor countries. As a result, government in the poor country have been compelled to imitate & follow the working style of the national NGOs. This is not a positive side while looking from the point of view of good governance and responsible behaviour expected from the government.

## 1. Debt and Labour

- Before 1980, the other types of creditors excluding IMF, WB and ADB had been more important, but after 1980, their share eroded fast and the share as well as the influence and intervention of these money-giants – IMF, WB, ADB – shifted upward sharply and more sharply. Innovation & technology has created pressures for more and more debt to developing & least developed countries
- Debt service payments in LDCs and in developing countries is increasing every year covering from considerable to a high proportion and amount in the annual national budgets. The pressure is basically on social expenditure – health, education, safe drinking water etc. Debt servicing creates additional pressure on tax burden, mainly the indirect taxes, which finally rest on working population – farmers, peasants, wage workers etc.

- Literacy, life expectancy, maternal mortality and reproductive health are directly –adversely affected by the debt burden. Because of the high debt burden, private sector has been entrusted a number of public services due to poor & inefficient position of the state giving high position to a situation where profit comes first than human needs and people.
- Thus the question of human security has become the most relevant one along with sovereignty of nation & people in connection with foreign debt. The threats to human security has taken the forms of:

Economic insecurity  
Food insecurity  
Health insecurity  
Community & cultural insecurity  
Rights insecurity

- Sovereignty of Nations & Peoples' Sovereignty is being attacked in the name of consumer sovereignty, which is actually the autocracy of business emperors in the name of innocent consumers, where advertisers are the assisting Army Generals.
- In Nepali context, if we have a look at annual national Budgets of Nepal, the reliance on foreign assistance has been 26.4 % in Fiscal Year 1999/2000, while 23.42 and 23.02 in FY 2000/01 and 2001/02. But during these FYs, foreign aid is limited to Rs. 6-8 billions and debt is in between 10-12 billions each year. Proportion of aid is declining and of debt is increasing. Notable is the fact that debt is increasing, but state is trying to escape from its responsibilities. Public services are shrinking; even core government services are being partially privatized in spite of continuous resistance.

### **A Case of Drinking Water Supply Project**

(not talking about safe drinking water)

Government of Nepal has signed an agreement for debt with Asian Development Bank to supply water in 50 small municipalities, where 60 per cent of the cost will be covered by ADB Loans. Only 20 per cent of the cost will be covered by the government. A committee named Water Users & Sanitation Committee will be formed and registered in every concerned Municipality, which will sign agreement with the government. 20 per cent in advance will have to be collected and deposited by the Committee and remaining 30 per cent will be paid by the committee in the form of water bill payments on monthly basis for many many years. The other 30 % will be paid by the people of the whole country, so that government will repay the loans. The interest rate for the people is 8 per cent per annum. Government has to pay the interest not more than 3 per cent. The interest margin is kept by the government for its office & manpower assistance in the project. Thus the state is pushing the burden of the foreign debt almost directly to the people and its role is only a role of intermediary between ADB and water users. Thus debt is being consumerised. No public taps will be provided, only private taps will be available to those who pay for the water & debt as the client. Here people will not be treated as the citizen, but as clients.

## **2. Trade, WTO and Labour**

- International trade cannot be dissociated from WTO and hence WTO related issues are perhaps the most complicated issues for trade unions in general. As WTO is incomparably scattered in thousands and thousands of pages involving a number of disciplines and faculties of knowledge, everything has been blurred and difficult to understand and analyse.
- With the speedy process of the formation of WTO, policies of liberalization and capital-technology based globalization has been highly intensified. With the speed up of globalization, International monetary Fund and World bank have been directly-indirectly assisted more by the new organization WTO with more offensive character.
- Under WTO framework, as we see from our part of the globe, labour, human right, environment and broadly the consumer issues have been intermingled from the very beginning. Developed countries have capital and modern technology, whereas developing and least developed countries have surplus labour. Thus the touse between labour and capital has been

internationalized from the previous limited position within national boundary. It has been an outcome of intensified globalization with increasing role of WTO.

- The process of formalization of labour, which had started with industrial revolution, is now diverted to a reverse direction. With IMF-WB-WTO led present day pattern of globalization, fast informalization of labour and new forms of bondage and even child bondage are being visualized in labour market.
- More nationalist point of view in case of LDCs and Developing countries urges for strengthening the government approach against linkages of trade with labour, Human Right and Environment, which in fact cannot serve the interest of the working people.
- On the contrary, the lip service against WTO and withdrawal of membership or for no membership efforts has proved to be an isolated and unrealistic approach

### **Protectionist or more Nationalist Angle**

- National Treatment and unequal competition are creating damaging effects to the interest of nation and the people
- Tariff policy and other national policies related to commerce and industry as well as labour policies have lost the independent character.
- Pressure on subsidy removal has created adverse effects on the lives of the people.
- Opening the entire domestic market creates heavy imbalances in the economy and trade liberalization becomes import liberalization

### **Labour Right Angle**

- Labour Rights are being restricted with increasing informalization of labour. Big Business Houses have become ambitious through Joint Ventures in Collaborations with Multinationals. Influence of MNCs in government policy and heavy intervention even in rural lives of the people through business activities in agriculture, forest products and natural resources has created more pressure on labour rights.

- Trade Union rights related to basic human rights of workers are also being questioned and frequently violated in a demand for uninterrupted hire & fire by the employers and here government has become a spectator
- Even minimum wages are not provided by a considerable number of employers in LDCs, where ensuring minimum wages may prove to be the most needed form of minimum social security. Why should we strengthen the hands of employers who do not have any sense of corporate citizenship and socially responsible production orientation? Why should we cooperate with the government, which does not care about its social responsibility and always excludes its labour administration even from its priority?

### **Employment Angle**

- The decline of small and micro enterprises because of competition and interventions of Multi National Enterprises has caused fall in employment
- The business scenario, where closure of national industries is increasing and unemployment is aggravating, only big business houses and JVs exist and others going into collapse creating more and more capital intensity and lessening labour intensity of output.
- Thus livelihood problem and poverty has become more and more complicated.

### **Migrant workers Angle and international mobility of labour**

- Tightening the Visa on the one hand pushing migrant workers of the LDCs to work illegally in developed and middle-income countries and on the other hand talking loudly for their rights and labour standard indicates towards a clear double standard.
- Ensuring free mobility almost perfect mobility for capital and putting restrictions on mobility of labour is the model of discriminatory globalization.
- Although there are provisions of temporary mobility, but practice makes much difference than thousands & thousands of pages. It has now become easier to restrict the movement of

labour and labour mobility in the name of security and terrorism, too.

### 3 Towards the Way-out

- Balanced approach is necessary for a steady growth and jumps and leaps and knocks may not be desirable on labour issues.
- Concentration should be focused towards a new development strategy with gainful employment & quality life as the focal points. So multidimensional efforts are needed to change the present unfair economic world order into a new one.
- National foreign policy based on national agenda & priorities is to be developed and haphazard rush for foreign debt accepting every conditionality should be stopped
- Serious attention should be paid because strong advocacy against the linking of trade with labour standard may strengthen the hands of inhumane profit snatchers through the sacrifice of working masses and may also provide easy & corrupt sleep to the irresponsible governments of the developing world.
- A big rectangular system of social protection, social insurance, social assistance & social welfare to cover the whole working masses should be developed & maintained through a strategy of mobilizing resources from government and non government as well as international actors & organizations
- Desirable is the strengthening of ILO and its mechanism to implement labour standards in countries creating an environment of obligatory enforcement.
- Restructuring of WTO into a tripartite form may also create a new horizon for future. Collective efforts of Developing and Least Developed countries within WTO structure may prove to be highly significant. Tough bilateral bargaining on trade agreements within the developing & least developed group of countries is to be minimized. The present practice of lip service in welcome and harsh on table is a problem to be considered among the developing side.
- High focus in organizing and workers education as well as maximum intervention in national policies by the national trade union centres should be taken as the common strategy. Moving

towards single unionism within the national boundary and building-strengthening regional as well as sub-regional alliances has become the need of the day. This may provide high resistance and new dimension to protect the interest of working masses.

- Alliances & Forums of social movement at least at sub regional South Asian level for regionalization of resistance movement against adversities created by globalization and for protection of working mass interest is necessary basically through the involvement of trade unions, peasants' organizations, women's organizations, dalits' organizations and genuine NGOs.

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