

UNIONS, FOOD, POLITICS and POWER

An IUF Anthology 2001–2015



The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) is an international federation of trade unions representing workers employed in:

- **agriculture and plantations**
- **the preparation and manufacture of food and beverages**
- **hotels, restaurants and catering services**
- **all stages of tobacco processing**

From its founding in 1920, international labour solidarity has been the IUF's guiding principle. This principle is implemented through:

- **building solidarity at every stage of the food chain**
- **international union organizing within transnational companies (TNCs)**
- **global action to defend human, democratic, and trade union rights**

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International Union of Food, Agricultural, Hotel, Restaurant, Catering,
Tobacco and Allied Workers' Associations

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List of Acronyms

ACFTU	All-China Federation of Trade Unions	IFI	international financial institution
AoA	Agreement on Agriculture	IIF	Institute of International Finance
BSE	bovine spongiform encephalopathy	ILO	International Labour Organization
CAGNY	Consumer Analyst Group of New York	IMF	International Metalworkers' Federation
CDO	collateralized debt obligation	IMF	International Monetary Fund
CEC	Commission for Environmental Cooperation	IOE	International Organization of Employers
Ciett	International Confederation of Private Employment Services	IPM	integrated pest management
COSATU	Congress of South African Trade Unions	ITUC	International Trade Union Confederation
CUT	Central Unitaria de Trabajadores de Colombia	IUF	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association
ECB	European Central Bank	KCTU	Korean Confederation of Trade Unions
ETC	Action Group on Erosion, Technology and Concentration	LBO	leveraged buyout
FAO	Food and Agriculture Organization	MAI	Multilateral Agreement on Investment
FDA	Food and Drug Administration	NAFTA	North American Free Trade Agreement
FNV	Netherlands Trade Union Confederation	NGO	non-governmental organization
FTAA	Free Trade Areas of the Americas	OECD	Organisation for Economic Co-operation and Development
GATS	General Agreement on Trade in Services	PSI	Public Services International
GHG	greenhouse gas	RSPO	Round Table on Sustainable Palm Oil
GMOs	genetically modified organisms	TNC	transnational corporation
HACCP	Hazard Analysis and Critical Control Points	TPPA	Trans Pacific Partnership Agreement
HKCTU	Hong Kong Confederation of Trade Unions	TRIPs	Trade-Related Aspects of Intellectual Property Rights
IAASTD	International Assessment of Agricultural Knowledge, Science and Technology for Sustainable Development	UFCW	United Food and Commercial Workers International Union
IFC	International Finance Corporation	UN	United Nations
		WTO	World Trade Organization
		WWF	World Wildlife Fund

Introduction

Unions derive their purpose, strength and legitimacy from collective struggle at the workplace, in the first instance by defending and advancing workers' terms and conditions of employment. But the trade union movement has never limited its agenda to workplace bargaining, because relations at the workplace are shaped by a wider environment. From its beginnings, the labour movement has recognized that power at the workplace requires power in society, and that workers, through their unions, must engage in politics, in the broadest sense. The crisis facing labour today – expressed in falling membership and declining bargaining power – is above all a crisis of political direction. Rebuilding the labour movement means reclaiming the public, political space which has been effectively privatized by capital in order to win back the terrain on which we organize and negotiate.

Politics – again, in the broadest sense – has always played an important role in the life of the IUF. Traditionally, editorials on a broad variety of issues featured on the front page of the bi-monthly *IUF News Bulletin*, which began publication in 1920 and continued until 2001, when the IUF website assumed that function. Editorial comment on issues facing IUF members and the wider labour movement has continued to play an important role on our site. Replacing the printed word with the internet makes publication accessible to a wider audience, but it also quickly consigns articles to an invisible shelf in cyber space, lost to easy access.

For this reason, the IUF is publishing this collection of articles from 2001–2015. Their division under five part headings is essentially a matter of convenience. All, in their way, are about building power: the workplace and political power workers need to defend their livelihoods, but also to fulfil the IUF's statutory mandate 'to ensure that the world's resources in food be utilized so as to serve the general interest'. The articles point to the indivisible connection between union power, safety at the workplace and safe food, as well as between the defence of democracy, trade union rights and the right to strike, within and beyond borders. They highlight the links between global hunger, corporate power and the need to confront and transform the trade and investment rules and treaties which lock in that power. And they stress the need for a coherent class response to the unleashed power of resurgent capital which is driving global inequality, hollowing out democracy and accelerating social and environmental degradation.

There are many omissions in this collection – geographic, sectoral and thematic. IUF members have been and will continue to be engaged in many important struggles, nationally and internationally – for example, the ongoing fight for gender equality and the work of building meaningful trade union organization within transnational companies – which have been consistently addressed by the IUF’s governing bodies, activities and publications but have never been the subject of editorials. In addition to food and agriculture, the IUF’s activities in, for example, hotels, restaurants and catering have become even more important as these sectors increasingly come to be dominated by global corporations. The absence of these and other important issues – the list is long – should not be taken as a reflection of their unimportance for the IUF. They are of course crucial.

The articles in this collection were selected because, we believe, they go beyond the topical issues which inspired them and, taken as a whole, offer a coherent viewpoint which can stimulate critical thinking about labour’s current predicament and the way forward, a discussion which is generally acknowledged to be acutely necessary.

With one exception, they were originally published as editorials on the website of the IUF, which has itself gone through various transformations. They are reproduced here with only minor (if any) changes, Links to the original articles (many of which contain links to related IUF material) can be found at the end of each article. The original publication dates are given at the beginning of each. Climate Change, Worker Rights and the Path to a Low-carbon Agriculture was presented to the IUF Executive Committee for discussion in May 2013 and is published here for the first time to a wider readership because we believe the analysis it offers and the proposals it presents deserve wider public debate.

This collection of articles, written by IUF Communications Director Peter Rossman, reflects the IUF’s positions and views over many years and builds on the struggles and experience of the IUF, its members and workers around the world. We offer it in the hope that it may help to guide the struggles to come.

Ron Oswald
IUF General Secretary



Part One:

Trade Union Rights – Safe Work, Safe Food and the Right to Strike

Strong Unions, Safe Food

Published December 15, 2001

Recent food scandals in Europe have placed the issue of food safety at the forefront of public concern. Dioxin- and PCB-contamination of Belgian meat, poultry and dairy products, followed by lurid revelations of sewage sludge in French animal feed, have prompted a growing number of European citizens to call into question the ability of current farming and processing techniques to supply wholesome food.

In this situation, unions face a double challenge. They must defend the thousands of workers who have been penalized through job losses or reduced income resulting from the actions of unscrupulous employers. But they can also seek to channel the political fallout from the massive crisis of consumer confidence into a broad-based movement for developing a system of food production that is environmentally and socially sustainable, delivering healthy, nutritious food at prices working people can afford. This movement must be built on a foundation of public awareness that strong food industry unions are the indispensable condition for safe food.

The current ‘beef war’ between France and the UK highlights the political blind alley that can arise when the labour movement fails to set the basic terms of the food safety debate. The French refusal to lift the ban on British beef imports, in defiance of a decision by the European Commission, has given rise to populist calls – echoed even inside the Labour Party – for a retaliatory ban on French food products. The dispute has favoured the growth of xenophobia and the more reactionary forms of anti-EU sentiment in both countries while obscuring the root cause of the problem, namely hyperintensive production techniques in the pursuit of maximum profit. Meanwhile, employment in the British beef industry remains well below pre-mad cow levels, and European consumers who wish to eat beef have good reason to rebel against feeling forced to choose between mad cows and cows fed on sewage sludge.

In the controversy over beef, it has been forgotten that agriculture and meat processing, even in the European Union, are sectors that are highly dangerous and sometimes fatal for the workers they employ. The present food system

fails workers both as consumers and as wage earners. If we are serious about transforming it we must transform the debate on food safety. The assumptions underlying recent proposals for establishing public food safety agencies illustrate the pitfalls of that debate in its current form.

Pitfall number one: national food safety agencies are sufficient to restore control of the food we eat. The French government was in fact the first to set up a new public food safety agency in the wake of the BSE scare. It was on the advice of this body that the Jospin government chose to defy the EU decision to lift the ban on British beef. The European Commission has now struck down that decision. Moreover, a European food safety agency imposing stringent controls on food quality would be vulnerable to challenge at international level, a lesson hammered home by the recent WTO ruling that the EU ban on US hormone-fed beef imports constitutes an illegal barrier to trade. Sweden banned the use of growth hormones in meat production – with the firm support of the trade unions – in 1986, leading to broad changes in the way meat is produced in that country. As a consequence, Sweden is the only country in Europe where salmonella resistance to antibiotics is declining. If aggressive exporters were to challenge Swedish regulations at the WTO, however, this progress in safer meat production and consumption would be immediately jeopardized.

In a world where the decisions of the WTO increasingly dictate how food is produced, national and regional food safety standards are only as secure as the international system that underpins them. The labour movement should indeed support national food safety agencies, properly set up, but they are no panacea. The fight for food safety requires giving equal priority to upgrading the international standards which set the terms of reference for the WTO, and these are laid down by the food and ‘life science’ transnationals which dominate the Codex Alimentarius Commission.

Pitfall number two: food safety is a technical issue requiring technical solutions, which are best left to ‘experts’. Nothing could be further from the truth. The current system of food production, built on factory farming and intensive processing methods, is the result of a series of fundamentally *political* decisions and enforcement regimes which have shaped the market forces the WTO claims to be setting free by establishing a ‘level playing field’. Export subsidies and related measures, which force smaller producers to adopt socially and environmentally destructive production methods or be driven to the wall, are entirely political in nature. International food safety guidelines that permit high levels of pesticide residues are the outcome of a political process, one that is stacked in favour of pesticide makers and users. Laws that permit, and even encourage, employers to fire workers seeking to organize a trade union and set up a health and safety committee at the workplace, are the political expression of the power relations that shape our present food system.

The doubling and tripling of slaughter and processing line speeds in recent decades has been the principle vector for spreading the filth and pathogens behind

the rising incidence of meat-related food poisoning. No system of technical controls, including the HACCP (Hazard Analysis and Critical Control Points) system of microbial testing, now mandatory in some US processing plants and increasingly adopted internationally, can succeed in reversing this trend unless workers are empowered, through their unions, to slow down and control the lines in the interest of both worker health and safety and the health of consumers. The fallacy of the technical quick-fix is highlighted by the fact that the HACCP system is being implemented in the US as part of a deregulatory package in which the industry is being asked to police itself and federal inspection is being cut back.

A key issue in the strike led by the UFCW at the Tyson poultry plant in Corydon, Indiana earlier this year was the demand that workers have the right to refuse to process diseased or damaged chickens. It is precisely this demand that evokes the toughest resistance on the part of the employers, for whom increased line speeds and the avoidance of 'downtime' have become crucial determinants of profits. The human impact of continual speedup is measured in the dramatic increase in repetitive strain injury, which in many countries is still not officially recognized as an occupational disease.

The first round in the battle for safe food will be won when we succeed in getting across the message that the upsurge in food-borne diseases, the crippling of food workers by repetitive strain injury, pesticide poisoning and the hazards of factory farming are related symptoms of a system of food production that places profit ahead of human needs. And that an essential antidote is union power, reaching up from the factory and the farm to the international bodies which write the rules determining what we eat; whether, how and in whose interests it is produced; and who will live and who will die as a result of the quality and availability of the food which is an essential and fundamental right for all.

Available at: <https://iuf.org/news/strong-unions-safe-food/>

Death on the Job

Published April 24, 2005

The carnage continues. Statistics recording injury, illness, mutilation and death from work-related causes show no let-up. An estimated 270 million workplace accidents again took place in 2004. In some countries, and in some sectors, like China's coal mines, the mortality rate is rising.

The ILO estimates – conservatively – that at least 2.2 million people continue to die annually from the effects of work, including 22,000 children killed on the job. Women are five times more likely to die from work-related causes than men, owing to their preponderant role in agriculture. Half of all fatal workplace accidents take place in agriculture. Those who help to feed the world are twice as

likely to die as workers in most other sectors. Further upstream, food processing has become an engine for producing crippling repetitive strain injuries. Food and drink workers are pressed into continual speed-up in the relentless drive for greater profits. Yet there are no global injury and fatality statistics for the sector – an indication of the low priority given to workplace health and safety. Stress, workplace accidents and injuries and long-term illness in the service sector, including hotels and restaurants, are on the rise in many countries.

While death and injury on the job are more likely to occur in poor countries, the hazards of work are universal, as is the antidote: strong unions at every workplace, strong health and safety committees, sufficient collective control over the work process to allow workers to work safely.

April 28, the International Commemoration Day for Dead and Injured Workers, should not become a rhetorical or symbolic exercise. Four thousand Nicaraguan banana workers have marched to the capital, Managua, to demand effective action for the thousands of victims of Nemagon, an acutely toxic pesticide used on banana and sugar plantations in Central America, the Philippines and the Caribbean. Workers at Nestlé Brazil, young women no longer able to work because they are crippled by repetitive strain injuries, have had to take their case to the UN Commission on Human Rights, because the employer refuses to recognize their responsibility and prefers to fire the victims rather than modify their production methods. These workers, and the millions of other workers around the world who are killed and made sick on the job, need active solidarity and support. On April 28, we can again affirm the universal right to safe work through the only viable means: empowering workers through their unions to negotiate on all issues affecting the health and safety of employees everywhere.

Available at: <https://iuf.org/news/death-on-the-job/>

May Day 2006 – Precarious to Permanent!

Published April 25, 2006

The millions of French workers and youth who took to the streets in growing numbers over recent months captured the sympathy and imagination of working people around the world for good reason. Their tenacious mobilization against legislation which would have made it possible for employers to fire newly hired workers without formal justification was correctly seen as a stand against the rampant insecurity which has invaded workplaces over the past two decades.

Workers everywhere – in factories, offices, fields and services, from the smallest enterprise to the global TNCs – have not only lived with grotesquely high levels of unemployment over two decades of ‘jobless growth’. The jobs that remain are increasingly unstable, insecure and precarious. Productive investment

is shrinking as a percentage of social wealth, as rising profits feed ‘shareholder value’ and jobs go up in financial smoke. Voracious private equity and hedge funds gobble up companies only in order to gut payrolls and recycle them on a financial carousel that effectively destroys them as places of employment. Agriculture no longer feeds people, it feeds futures markets, private equity and hedge funds.

Job creation remains elusive, but there is no lack of new schemes for outsourcing, casualizing, co-packing and otherwise destroying permanent work. TNCs have taken the lead in shifting definitions of what is ‘core’ and what is not, giving rise to vast systems of subcontracting in which a growing army of workers produce, pack, transport and market the products of the leading companies but are no longer employed by them. Outsourcing has become so predominant at Nestlé, for example, that in Indonesia what was formerly called the outsourcing department has had to change its name to reflect the proliferation of new arrangements. The common denominator in all of these schemes is precariousness. The insecurity of the sweatshop has captured the mainstream.

The corporate appetite for non-permanent employment today knows no bounds. Some 8.5 million workers in Korea are employed on ‘temporary’ contracts out of a workforce of 15 million. The government and employers continue to press for new legislation to further widen the use of casual labour. Precarious work is not only growing in manufacturing and services. Permanent jobs are a rapidly vanishing species in agriculture, the world’s largest employer.

Workers around the world continue to fight the casualization of work through a variety of means, but they are fighting a rearguard, guerilla war as long as action is confined to enterprise level. The strikes and demonstrations in France – and the ongoing mobilization in Korea – have succeeded in blocking new laws seeking to further casualize employment relations. They have shown that resistance is possible on a national level. These important victories must now be given political and industrial coherence to roll back the global expansion of precarious employment.

Work remains the ultimate source of social wealth, but we have entered a phase in which job destruction rather than job creation is the quickest route to profit. May Day 2006 should be the occasion for unions everywhere to announce the struggle for decent, permanent work for all as the labour movements’ number one priority.

Available at: <https://iuf.org/news/may-day-2006-precarious-to-permanent/>

Challenging Repression in Palm Oil Production: The Union Agenda

Published April 27, 2006

Extensive cultivation of the oil palm and the extraction for export of the oils it yields has always been linked to repression. Plantation cultivation was originally established by colonial regimes. Rapid plantation growth in Asia following the Second World War was encouraged in connection with forest clearing used as a weapon in combating Malaysian insurgents.

Expanding cultivation has not been linked to expanding rights for palm oil workers. The work remains hard and dangerous. Production techniques have hardly changed over the past 150 years. The wooden hook used to harvest the fruit has been replaced on some plantations by an even sharper alloy hook. And copious amounts of toxic herbicides are now applied by unprotected workers spraying from leaking backpack canisters. Accidents are common; life expectancy is short. Unions are often brutally repressed.

To bust a newly-formed union, Musim Mas – the world’s largest palm oil refiner, based in Sumatra, Indonesia – last year fired over 1,000 union members at a stroke in retaliation for a strike. The company evicted the workers from their homes and their children from their schools, and engineered the arrest and prosecution of six union leaders. These six young men are currently serving prison terms of 14 months to two years for the ‘crime’ of trying to exercise their collective rights as workers.

The IUF had been building global trade union support for a sizeable group of these workers who had been resisting the company’s efforts to have them sign away their rights by accepting compensation for their dismissal. This phase of the struggle came to an end when the union informed us that some 200 workers who had been holding out agreed on June 7 to accept financial compensation for the loss of their jobs. In exchange, they were pressured into dropping all legal claims against the company, meaning that the mass dismissals cannot be challenged through the appeals process. The compensation amounts to some USD 123 per worker – the equivalent of six weeks’ wages. The six prisoners were also compelled to renounce their right to appeal their farcical criminal convictions, which have been denounced by Amnesty International and other human rights organizations for criminalizing trade union activity. Hunger is a powerful weapon in the hands of a ruthless corporation.

The company praised the ‘mutual agreement’ by announcing that ‘This matter was resolved in accordance with Indonesia’s labour laws and in compliance with all regulations in Indonesia. We are committed to proactively engaging our stakeholders both in Indonesia and abroad to promote a sustainable palm oil industry’.

The government, under fire at the United Nations' ILO for serial violations of international Conventions on trade union rights, praised an agreement which 'will contribute towards more positive industrial relations in the palm oil industry'.

Here we see the Indonesian situation in a nutshell: A thousand workers were sacked and evicted from their homes, a union was busted and six union leaders are in prison, but compliance with national law was achieved by paying out 123 dollars per worker and extracting from the six prisoners a 'peace agreement' in which they renounce their rights.

IUF affiliates around the world responded to our appeals with messages to the company and the government and with generous financial support (which will now go to the families of the imprisoned trade unionists). That our campaign was beginning to bite is shown by the company's newfound willingness to meet with an organization they had previously refused to recognize and tried to destroy. In a number of key companies, unions in food processing called on their corporate managements to review their palm oil sourcing, and in particular their relations with Musim Mas. IUF intervention in one case succeeded in bringing one transnational retailer to temporarily suspend its use of Musim Mas as a producer of own-label products. The FNV in the Netherlands called on the government to cut off financial support for the Round Table on Sustainable Palm Oil (RSPO), the industry's 'multi-stakeholder', 'socially responsible' public relations exercise which includes Musim Mas as an Executive Board member alongside WWF and Oxfam. Public scrutiny of the social conditions underlying palm oil production continues, and won't be easily suppressed.

The campaign was working, and the lessons learned will not be forgotten, for palm oil remains a booming sector built on brutal exploitation. Musim Mas is hardly unique among palm oil producers in its dedication to crushing rights in the quest for profits. Palm oil's use as a biofuel means that its price is now linked to the rising cost of carbon fuels, inciting even more greed. It is being encouraged as an alternative to bananas in Latin America, and promoted as a healthy alternative (it is not) to trans fats in processed foods. The area under cultivation is expanding wildly, posing a threat to the environment and to workers.

The IUF no longer has an industrial dispute with Musim Mas. There remains, however, an even larger problem with the company and with the lawlessness and barbarism of the sector as a whole. The World Bank, through its private sector lending arm the IFC, is stepping up its support for expanding cultivation. The RSPO, through its privileged relationship with the World Bank, gives it a 'sustainable' cover for financing the kind of social destruction that Musim Mas inflicted on those who produce its profits.

Unions in food processing should continue to question their companies' sources of palm oil and other inputs derived from indefensible practices. Supporters of justice for palm oil workers should take a closer look at how NGOs risk – even if inadvertently – fronting for companies like Musim Mas. WWF and Oxfam, while they play their roles on the Executive Board of the RSPO, need to look

closely at their own positions as they relate to the rights of palm oil workers. The Dutch unions are right: government support for the RSPO and the NGOs' palm oil activities, which take us further from the solutions which are urgently needed, is a scandal which must be stopped. The RSPO should also be challenged to explain Syngenta's participation in the Roundtable. Syngenta makes paraquat, the most toxic herbicide on the planet. Paraquat is responsible for the deaths of tens of thousands of rural workers every year, and is liberally applied on palm oil plantations. The Musim Mas union tried to negotiate safer application of toxic chemicals, and was crushed. The company whose product kills palm oil workers has now applied for membership in the RSPO with full voting rights. PR exercises won't bring sustainability to an industry built on the suppression of human rights. Trade union organization and binding, enforceable instruments for ensuring that rights are respected are the only way. Brutality and denial of rights underpin the palm oil chain. The case for organizing palm oil workers is self-evident. The IUF is committed to ensuring that organization.

Available at: <https://iuf.org/news/challenging-repression-in-palm-oil-production-the-union-agenda/>

Swedish Dispute Highlights Need to Legalize Solidarity Action

Published March 8, 2007

In November 2004, the Swedish building workers' union Byggnads picketed construction work at a school in Vaxholm, near Stockholm. A subsidiary of the Latvian company Laval had won the contract from the local authority and seconded Latvian workers who, while union members, were being paid a fraction of the standard wage negotiated by Byggnads for the sector. Supported by the Swedish labour movement as a whole, the union blockade eventually forced the company to concede defeat, and the contract was awarded to a company adhering to wage levels established in the collective agreement.

The dispute moved from the picket line to the political arena when the Latvian government claimed that Sweden was violating EU rules on the free movement of services and the company sued the union in the Swedish Labour Court. EU Internal Market Commissioner Charlie McCreevey escalated the conflict by denouncing the Swedish action as an intolerable assault on the single market. McCreevey's intervention effectively split the European Commission into two camps, reflecting the opposition of European (including the Swedish and Latvian) employers, on the one hand, insisting on the primacy of the single market over national collective agreements, and the European trade union movement, on the other, defending the compatibility of national wage bargaining with the EU-wide mobility of capital, labour and services.

The Labour Court, reversing its earlier ruling in favour of the union, referred the case to the European Court of Justice. The Court's Advocate General has now issued his recommendation to the Court, whose decisions generally follow the Advocate's recommendations (the final European Court decision is not expected until the end of 2007 at the earliest, at which time the Labour Court is also expected to issue its final decision). According to the recommendation, Byggnads' industrial action was in conformity with EU law: unions can take action to impose a collective agreement on temporary workers from another member state 'if the collective action is motivated by public-interest objectives, such as the protection of workers and the fight against social dumping'.

The union victory, however, is not unqualified. There is a potential poison pill in the recommendation, which stated that action must not be 'disproportionate' to the objective. The Swedish employers and their European allies will no doubt seek to argue that that the Byggnads action was in fact 'disproportionate' – the employers' association in Sweden has been campaigning hard against 'disproportionate' industrial action, including secondary (solidarity) action, in their efforts to roll back strong national agreements.

The struggle concerns more than Swedish or Latvian workers. The unprecedented mobility of capital globally and in the European Union – symbolized by the forward march of private equity and hedge funds which collectively dwarf the national economies of many EU member states – has been a sledgehammer force undermining the protection of workers and the global public interest. Firmly anchoring in EU law the right of trade unions to take industrial action, including solidarity action by workers not directly involved in a collective bargaining dispute, would give judicial force to an essential act of social self defence. The Vaxholm case should be the signal to move to the top of the European and global trade union agenda a campaign to legalize solidarity action within and across national frontiers.

Available at: <https://iuf.org/news/swedish-dispute-highlights-need-to-legalize-solidarity-action/>

Zero Accidents can be Hazardous to Your Health

Published September 3, 2010

Unions around the world will be mobilizing again on April 28, each in its way highlighting the 360,000 annual workplace fatalities and 2 million deaths from occupational diseases. On April 28, as on every other day, some 960,000 workers will be injured in an accident at work, and some 5,300 workers will die of work-related diseases. Flanked by an army of consultants and propagandists, employers increasingly promote the lie that workers are themselves to blame for this epidemic

of illness and death. ‘Behaviour based safety programs’ initially developed by the US insurance industry, later refined by chemical giant DuPont (‘Better Living through Chemistry’), seek to divert attention from the organization of work, its methods, materials and hierarchies of time and space, to locate the source of blame with the individual worker.

According to this scheme, it is unsafe behaviour, rather than workplace hazards, which are at the root of this daily carnage.

Responsibility is shifted from the hazard to the individual: ‘Safety is everyone’s business’. In this scheme, you don’t need a comprehensive workplace health and safety program, and a union health and safety committee which empowers workers to identify hazards and work through their union to eliminate them. Accidents are individual lapses; what is important is to hit the coveted ‘zero accident’ target. Bonuses are linked to zero-accidents, and workers are encouraged to seek individual medical treatment outside occupational protection schemes. Employees can be medically screened to identify their alleged propensity for ‘unsafe behaviour’.

In the run-up to this year’s International Workers’ Memorial Day, there have been, as always, a succession of fatal accidents claiming many victims in enterprises – factories, mines, construction sites – which vaunted their ‘zero accident’ credentials. Many of the ‘zero accident’ practices described above are in force at Nestlé workplaces, singly or in combination. In its latest *Creating Shared Value* report, Nestlé states that ‘safety is non-negotiable’. As with so many other things, Nestlé has again got it wrong. Safety must be *continuously* negotiated, because new hazards arise with each change in the production process, and change is continuous. And negotiation requires strong unions, in each and every workplace.

On April 28 this year, the IUF would like to propose a global fight back against the insidious doctrine of ‘behaviour based safety’. It’s time to stop blaming the victim and again assert the absolute primacy of employer responsibility for health and safety on the job. Zero accidents can kill.

Available at: <https://iuf.org/news/on-april-28-remember-zero-accidents-can-be-hazardous-to-your-health/>

Record US Egg Recall Should Turn Spotlight on Working Conditions and Trade Union Rights

Published on September 3, 2010

Over 1,500 cases of potentially fatal salmonella enteritidis poisoning across the United States have been linked to production from two interlinked giant producers. The poisonings have led to the largest-ever recall of eggs – over half a billion so far.

Critics of hyper-concentration in the agrofood industry have forcefully made the point that the record number of salmonella cases stem from the operations of just two giant Iowa producers – Wright County Egg, owned by Jack DeCoster, and another in which DeCoster is a major investor. DeCoster also owns the company providing feed (suspected as the source of the bacterial contamination) and chicks to the two egg farms. Eggs sourced from DeCoster are supplied under a bewildering variety of names at supermarkets and other retail outlets across the US, making the product origin impossible for consumers to trace. Information posted on a US government website lists some 90 branded eggs under the recall – three of them identified only as ‘No Brand Name Available’ in various size retail packaging, with their expiration dates!

The latest tainted food episode, following on a seemingly endless series of food product recalls from meat to nuts to frozen cookie dough, has again turned the spotlight on the federal agencies largely for food safety, the Food and Drug Administration and the US Department of Agriculture (it is the FDA which is responsible for shell eggs). DeCoster in fact has a long history of violating federal law at operations from Iowa to Maine – and past fines don’t seem to have made a dent in the business model or stimulated regulatory activity. An FDA spokesperson told the *New York Times* on August 24 that ‘FDA has no inspectional history with either of these facilities in Iowa’. So while many are asking where the federal regulators have been, it’s time to ask what the most recent large-scale outbreak of food-borne illness tells us about working conditions and worker rights.

Recent inspections at the farms at the origin of the outbreak reported massive piles of manure under the egg-laying facilities, with maggot and rodent infestations cited among other flagrant violations of elementary hygienic standards. Wild birds were nesting in and flying around a DeCoster feed mill suspected as a source of the salmonella, whose storage and other facilities were full of holes and open to the wild. Identical strains of the salmonella bacteria were detected in water, manure, walkways and equipment at the feed and egg facilities. The FDA, according to their website, is investigating ‘whether equipment used to handle manure or bird carcasses is also used to handle feed.’

Behind the appalling hygiene lies an appalling exploitation of workers, whose role as the guarantors of safe food can only be exercised when they can safely exercise their right to organize. Where chickens are forced to wade through rat- and maggot- infested manure heaps, so too are workers. Inadequate protective

clothing at Wright Country Egg meant that workers were potentially spreading bacteria – and serving as potential vectors for the deadly H5N1 virus should it appear.

In 1997, a DeCoster egg operation in Maine was fined USD 2 million for egregious health and safety violations. In addition to bacterial contamination, government reports cited electrical hazards and unguarded machinery. In a recent blog, former Labor Secretary Robert Reich wrote that ‘Workers had been forced to live in trailers infested with rats and handle manure and dead chickens with their bare hands. It was an agricultural sweatshop’.

In 2002, DeCoster paid USD 1.5 million to settle charges stemming from a lawsuit on behalf of Mexican women workers subjected to sexual abuse by supervisors, including rape.

For an operation like Wright Country Eggs, the fines are a trifle – part of the cost of doing business. One manager who trafficked undocumented workers between facilities for three years was confined to home for three months and fined USD 9,000. The fines are digestible, though the product may be toxic.

When strong unions, with strong health and safety committees, are absent or repressed, the result is hazardous and unsanitary conditions. The conditions which sicken and maim agricultural workers – 8 foot (2.4 metre) piles of rodent-infested manure, unguarded machinery, contaminated water and walkways – are precisely the conditions which turn egg farms into giant salmonella incubators. Denying workers effective legal protection to organize at the workplace deprives consumers of a crucial protection against food hazards.

Increasing the regulatory capacity of government to ensure safe food means securing effective rights for those who produce our food, clearing the way for workers to transform agricultural sweatshops into union shops.

Available at: <https://iuf.org/news/record-us-egg-recall-should-turn-spotlight-on-working-conditions-and-trade-union-rights/>

Beating Back the Temporary Labour Agencies’ Global Offensive

Published February 4, 2011

Disposable jobs are on the march – and the global temp agencies are targeting Russia as the new battleground in their global offensive.

Two members of the Russian Duma (Parliament), one of them the president of the mining and metal workers’ union, have introduced draft legislation which would effectively ban temporary labour agencies in the country. The bill would require the use of direct employment contracts in all instances where direct employment relations are present by prohibiting the insertion of a ‘triangular’ relationship between workers and the real employer through the medium of an

agency. This has provoked the vigorous intervention of the global association of temporary agency employers, Ciett, who are lobbying Russian lawmakers in the name of... defending workers' interests.

Temporary agency labour in Russia currently occupies a grey zone – its legal basis has not been established, nor is it expressly illegal. This uncertain status has put a brake on the expansion of the agencies, who are eager to expand the lucrative market for disposable jobs. Russian workers can be thankful that an estimated maximum of 100,000 jobs in that country are currently supplied by temporary agencies, though other forms of precarious work are of course present. For the industry, more is at stake than the vast Russian market – the legal grey zone persists throughout the former Soviet Union. Namibia banned temporary agencies, only to see the law struck down on appeal when the agency lobby contested the legislation in the name of defending their 'fundamental rights'; a similar debate is underway in South Africa, where COSATU is strongly opposed to expanding the scope for labour contracting.

Ciett: The workers' voice?

Ciett, supported by the global temp giants and a network of national federations, describes itself as 'the authoritative voice representing the interests of agency work businesses'. Faced with a legislative obstacle, the voice changes register. A recent Ciett letter to the head of Russia's Parliament begins by stating that prohibiting agency labour is 'inappropriate from the point of view of defending the interests of employees'. Temporary agencies, according to Ciett, serve the interests of the working class by 'creating jobs which otherwise would not have been created and, consequently, reducing unemployment', providing a 'stage on the way to permanent employment', and helping achieve 'The optimal balance between the flexibility and protection of workers employed temporarily through the agencies'.

In pursuit of these lofty goals, Ciett urges the Russian Federation to ratify ILO Convention 181, the Private Employment Agencies Convention.

With these arguments, we leave reality behind and enter the realm of pure ideology. *It is investment, not labour subcontracting, which creates jobs.* The explosion of precarious work in recent decades has been accompanied by the growth of poverty, inequality, insecurity and a sharp decline in trade union organizing and bargaining power. These are the decades which have seen the temporary agencies take off globally, expanding their payroll, profits and lobbying reach. There is no compelling evidence to demonstrate that agency work is a 'stage' on the path to permanent employment (or perhaps we just need more of it); on the other hand, we have massive experience of enterprises in every sector where precarious work, once marginal, has displaced direct employment and become the norm. IUF members, and workers generally, have yet to experience the 'optimum balance between flexibility and protection' which Ciett is peddling.

Uses and abuses of Convention 181

Convention 181 seeks to regulate the operations of temporary employment agencies where they are either already operating or the legal basis for their establishment is under consideration. It is not a vehicle for promoting their expansion, any more than Convention 184 on Safety and Health in Agriculture is a blueprint for expanding the use of pesticides.

In the relatively short text of the Convention, there are no less than seven specific references to the need for governments at every step to consult ‘the most representative organizations of employers and workers’, beginning with the fundamental issue of determining ‘the legal status of private employment agencies’. This ‘consultation’ should presumably not be confined to back room lobbying and limited parliamentary debate, and clearly does not prejudice the outcome of the consultation. Unions at every level must be actively involved in decisions which can shape the fundamental elements of labour market regulation, and not be told that the discussion of ‘legal status’ concerns the details only and not the fundamental issue of whether temp agencies should be allowed to operate on their territory. Exclusion is clearly an option.

Moreover, the Convention explicitly states that governments, after consulting the representative worker and employer organizations, and under the terms of the Convention, may prohibit agencies operating with respect to ‘certain categories of workers or branches of economic activity’. Countries as diverse as Belgium, Spain and Norway have at various times prohibited temporary agency work in agriculture, hotels, construction, ‘dangerous occupations’ and the entire public sector. Should countries ratify the Convention, it is not a blank cheque for the agencies to invade each and every workplace, public and private – governments retain the right to impose prohibitions and restrictions.

The ILO and precarious work – work in progress

Since the employers are pitching their product in the name of the ILO, a closer look is needed at what the ILO is actually saying about precarious work and trade union rights. ILO Conventions establish standards; equally essential is the jurisprudence which develops as Conventions are tested under real world conditions. Jurisprudence – the continuous elaboration of the meaning and application of standards under changing conditions – develops through workers struggle, including the struggle against disposable jobs. Recent decisions of the ILO Committee on Freedom of Association, in response to complaints brought by unions in Korea and Colombia, have determined that labour contracting, to the extent that it prevents workers from bargaining with the ‘user enterprise’, the real boss, undercuts core Conventions 87 and 98 on freedom of association and workers’ right to bargain collectively with their employer.

Subcontracting responsibility, shrinking bargaining power

The essential activity of the temporary agencies – and the most lethal – is defined in Article 1(b) of Convention 181 as providing ‘services consisting of employing workers with a view to making them available to a third party, who may be a natural or legal person (referred to below as a user “enterprise”) which assigns their tasks and supervises the execution of these tasks’. This is precisely the mechanism through which the real employer, who organizes labour, assigns tasks, determines staffing levels and terms and conditions of employment, escapes all responsibility and prevents workers from exercising their rights.

Employing precarious workers through agencies is not only about cost cutting, though that is no small part. It is about shrinking, sometimes to the vanishing point, the size and therefore the power of the collective bargaining unit through which unions negotiate working conditions. Convention 181 affirms the right of workers to exercise their right to freedom of association with respect to their formal employer, the agency; with respect to the real employer, it has nothing to say. Freedom of association and collective bargaining rights under these circumstances are purely formal, because they cannot be exercised in practice.

This is why unions have increasingly been challenged to use their real bargaining power to negotiate agreements to sharply restrict the ability of employers to make use of agency labour. Sweden legalized private employment agencies in 1994 – and disposable jobs rapidly invaded the workplace. It took years of struggle, and a threatened national strike earlier this year, for the Swedish Foodworkers to win a national agreement which stipulates that temps can only be introduced after negotiation with the local union.

The omnivorous appetite of the temporary agencies means that the workers they dispatch cannot be treated as a distinct category in a sector of their own. They are increasingly present in all sectors. For this reason the global unions’ insist that, among other measures, where agency workers are present they should be covered under the same collective bargaining agreement as other workers in the user enterprise.

Advancing the decent work agenda means rolling back, not adapting to, the continuous shrinking and dividing of organized bargaining power at the workplace. It is on this basis that Ciett and its supporters should be confronted and challenged when far-reaching changes to labour legislation are at stake – and when workers’ rights are fraudulently invoked.

Available at: <https://iuf.org/news/beating-back-the-temporary-labour-agencies-global-offensive/>

Employer Sabotage at the ILO: A Modest Proposal

Published June 8, 2012

On June 6, the ITUC released the 2012 edition of its essential *Annual Survey of Violations of Trade Union Rights*. This year's survey confirms that Colombia remains the most dangerous country for trade unionists, with 29 women and men murdered in the space of a year for belonging to a union. Guatemala follows, with 10 assassinations.

Impunity remains the rule in both countries; those who murder union workers have little to fear.

The report also highlights the massive violations of the basic rights of the migrant workers on whom the production of global wealth depends, the fragility of union rights in the contested regimes which have emerged from the 'Arab spring' along with the absence of worker rights in many countries of the Arabian peninsula and Persian Gulf, ongoing repression in China, the erosion of trade union rights in Europe under the cover of 'austerity', and much more. The survey deserves the widest possible distribution.

Two days before its release, the Employers Group at the ILO, led by the International Organization of Employers, blew up the Committee of Experts on the Application of Standards by refusing to discuss the Committee's report, meaning that many of the key cases and emblematic rights violations highlighted in the Annual Survey would not be even considered by one of the ILO's most important bodies. The Committee will therefore not do its work at this year's International Labour Conference in Geneva even if it can somehow be cobbled back together. A question mark hangs over its future, and thereby over the future of the ILO as the international body which sets standards for the world of work.

A key ingredient in the IOE's standards-busting operation was the employers' challenge to the ILO's authority to review cases involving the right to strike – a right which historically has been deemed to be implicit in Convention 87 if the right to freedom of association is to be effectively exercised. According to the employers, the ILO, by reviewing the application of this right by member states, was 'creating jurisprudence'. This absurd contention constitutes a rejection, not only of the standing of the ILO Conventions, which have the force of international treaties, but of human rights law in general. The Conventions form part of customary human rights law – in fact one of the oldest constitutive elements. Workers' rights to freedom of association and collective bargaining are also set out in the Universal Declaration of Human Rights and the international covenants which codify its application. Through its application, law generates jurisprudence. That is its function.

Last year, the IOE used its collective bullying power to get Colombia removed from the list of countries deserving special examination by the ILO. Like sharks in a feeding frenzy, this only excited their blood lust. In recent years they have

opposed the adoption of new standards as such and called for the abrogation of Convention 158, which among other things protects against anti-union dismissals. Now they have declared war on the ILO as such. It is reasonable to suppose that this is an opening feint to test the incoming Director General.

In the world described by the ITUC's Annual Survey, a world of organized violence, trafficking, imposed impoverishment and the wholesale violation of basic rights, workers more than ever need effective enforcement of international standards, and that means applied jurisprudence, however antithetical that may be to the hired guns now sabotaging the ILO.

In the early days of the French Revolution of 1789, members of the Third Estate – a group which included some of the ancestors of today's employers – vowed to continue the work of defending rights when they were locked out of the king's Estates General. If employers at the ILO refuse to discuss standards, the Workers' Group should pledge to continue defending rights at the ILO, invite governments and employers of goodwill to take part in the deliberations and carry on with the job.

Companies which claimed to have 'welcomed' and now 'respect' the UN Guiding Principles on Business and Human Rights (which specifically reference conventions 87 and 98 along with other basic human rights instruments) should be challenged to declare whether their 'recognition' of rights stops with recognizing rights in the abstract or extends to actually recognizing and negotiating with unions, and whether they are prepared to act concretely in response to concrete violations of worker rights. If the answer is yes, they should accordingly condemn the IOE's attack on the ILO.

Available at: <https://iuf.org/news/employer-sabotage-at-the-ilo-a-modest-proposal/>

Social Audits No Substitute for Strong Unions and Government

Published November 19, 2012

The textile factory in Karachi, Pakistan in which nearly 300 workers burned to death on September 12 had only weeks before received the coveted Social Accountability International's SA8000 certificate, indicating that it was in compliance with the standards on working conditions and safety standards. The Italian company which performed the audit had previously issued 540 certifications, including 100 in Pakistan. Bosses will always try to coach workers on how to respond to audits. But the Karachi factory had registered 250 workers with the public authorities, while employing up to a thousand. Locked doors can be opened on inspection day, but the factory contained no emergency exits. No factory in Karachi has been visited by an electrical inspector for at least the past

nine years. All this somehow escaped the attention of auditors who spent four days at the plant that is said to be operating to the highest international standards.

Like the notorious Foxconn factories in China, where auditors failed to detect toxic workplaces, child labour and massive amounts of overtime, the Karachi factory had been audited previously. The balance sheet of these audits has been hundreds of lives. SA 8000 has suspended the auditors and is trying, according to its Executive Director, 'To find out what went wrong'. But what went wrong, and will continue to go tragically wrong, is the marketing of corporate-funded certifications which substitute for worker health and safety committees rooted in independent trade unions and vigorous government enforcement of stringent workplace safety laws and regulations.

The Karachi fire inevitably evokes references to the notorious fire at the Triangle Shirtwaist Company in New York, which in 1911 killed 146 garment workers. The doors at the Triangle factory, like the doors at Ali enterprises in Karachi, were locked. The bosses said it was on account of theft. The workers knew that it was to keep out union organizers.

Public outrage at the Triangle fire led to the enactment of significant safety legislation. The Karachi horror shows – again – that private 'accountability' schemes cannot be permitted to replace public accountability, regulation and strong unions at the workplace.

Available at: <https://iuf.org/news/social-audits-no-substitute-for-strong-unions-and-government-regulation/>

China: Worker Rights and the Mirage of 'Reform'

Published October 7, 2013

Trade union and NGO statements submitted for the UN's upcoming Universal Periodic Review of member states' human rights records give stark evidence of the relentless and systematic repression of worker and trade union rights in the People's Republic of China. Submissions from the Hong Kong Confederation of Trade Unions (HKCTU), ITUC, Amnesty International and Human Rights Watch, among others, demonstrate that workers in China who organize in defence of their interests, go on strike or even petition to the government are fired, criminalized, arbitrarily detained in 'black jails' outside the legal framework or sentenced to prison labour – with the complicity of the All-China Federation of Trade Unions (ACFTU), which remains the single authorized 'workers' organization' under existing law.

Tens and millions of rural migrants to the urban industrial centres – over a third of the urban population – suffer systematic discrimination and lack basic rights to residency, social protection and education. Worker and labour rights activists seeking to function as legal NGOs are subject to surveillance, fines and eviction.

Legal ‘reforms’ designed to suggest convergence with international rights standards have been essentially cosmetic or even retrograde. Article 73 of the new Criminal Procedure Law effectively legalizes forced ‘disappearances’ by allowing police to detain individuals for up to six months in unofficial detention centres (‘black jails’) without informing family members of the whereabouts of those jailed or detained. Hints of changes earlier this year to the Re-education through Labour system – a conduit by which the products of forced labour routinely enter international supply chains – chiefly amounted to a change of name to ‘Illegal Behaviour Correction’. According to Amnesty, torture remains ‘endemic’ in China.

The ACFTU’s new clothes and increasing ability to talk the talk that trade unionists visiting China like to hear should not be allowed to obscure the ongoing work of the state’s enormous repressive apparatus and the indispensable role of the ACFTU in this repressive machinery.

The HKCTU submission to the review procedure contains a non-exhaustive list of workers and labour rights activists currently serving sentences of two years to life for their defence of working class interests. Their cases, and the urgent need for fundamental democratic change in China, are central to the struggle for worker rights internationally.

Available at: <https://iuf.org/news/china-worker-rights-and-the-mirage-of-reform/>

Part Two:

Confronting Resurgent Capital

The Commissioner at the Banquet

Published June 14, 2006

If, as is said, the appetite grows while eating, the growth of European private equity demonstrates that a healthy financial appetite greatly stimulates political ambition. In 2004, European private equity firms invested close to 37 billion euros, of which two-thirds went to buyout deals. In 2005, 32 billion euros were invested in buyouts. Over 19 percent of this went to buyouts of over 300 million euros; 37.4 percent was in the 150 to 300 million euros range. Private equity is feasting on big companies with substantial assets and large payrolls. Private equity-financed buyout companies in Europe now employ an estimated 5 million workers. In the UK, one out of every five private sector workers has – or has had – a buyout fund for a boss.

European private equity raised 72 billion in new funds last year, of which 57 billion is earmarked for buyouts. Far from inducing indigestion, the buyout binge has only whetted investors' political and financial appetites. Private equity has embarked on a lobbying offensive in Brussels and in national capitals, aimed at eliminating all obstacles perceived to limit the number of courses served at the banquet.

Enter EU Commissioner for Internal Market and Services Charlie McCreevy, who last year called on the private equity industry to prepare a blueprint for getting richer quicker through yet more buyouts. The results, drafted by 10 'experts' from private equity funds (with a handful of 'observers' from other funds and investment banks), are now available in the Alternative Investment Expert Group's Report on Developing European Private Equity, and will form the basis of a Commission White Paper. McCreevy praised the experts' 'sterling' work, declaring it 'a compelling case for cultivating Europe's growing private equity business'. 'My services', he said, 'have been drawing attention to industry needs as expressed in the present report. If Finance Ministers are serious about doing something to improve the regulatory and tax environment for private equity, here is a ready-made agenda'.

The European Private Equity and Venture Capital Association naturally 'welcomed' the report's release and favourable reception in Brussels – their members wrote it. Financial investors and their lobbyists have always known

what their opponents have often been slow to realize: the transfer of wealth from one group of investors to another is a supremely political operation which requires carefully targeted political pressure to frame the regulatory and fiscal environment in which businesses operate. The rapid expansion of European private equity required critical changes to EU legislation on banking, financial services and pension funds (e.g. the Capital Requirements Directive, the Pension Fund Directive, and the forthcoming Solvency II), generally following comparable moves in North America. Such changes are often referred to as deregulation, suggesting that simple erasure is the heart of the process. It is actually reregulation, requiring thousands of pages of new laws and regulations at all levels.

Financial investors are satisfied – for the moment – with the work accomplished at EU level to facilitate their expansion. The essence of the report is a call for action by the Commission to harmonize the implementation of existing regulations by aligning national practices to create an unimpeded single market for cross-border private equity. While pension funds may, for example, be invested in private equity under EU law, the experts – and Commissioner McCreevy – find it intolerable that some member states still limit or even prohibit the practice.

The grievances and remedies catalogued in the report distil private equity's fundamental requirements and concerns: opposition to all forms of regulatory 'intrusion', a craving for secrecy, implacable hostility to disclosure requirements and 'conduct of business' rules, opposition to capital gains taxes and a fundamental loathing of asset to liability requirements. Commissioner McCreevy agrees with the experts' prescription for maintaining and expanding 'the current mix of self-regulation and light-touch supervisory oversight'. The report, he said, makes a 'compelling case' for encouraging a regime 'without handholding by the local supervisors.'

The stakes are considerable for workers and their unions. Can investors deploying hundreds of billions of euros, owning companies employing five million workers, be left to 'regulate' themselves? Private equity funds rigorously deny that they are employers, preferring to define themselves as an 'asset class'. In EU law the funds inhabit a parallel universe in which key aspects of labour legislation seemingly do not apply. For millions of workers in companies controlled by private equity, however, the employment relationship is clear: the boss is a buyout fund. In fact, the funds are among the world's largest employers, and the big ones would number among the world's top ten transnational employers if they were only recognized as such. They are the new conglomerates, in an age when investors chant the mantra of 'concentrating on the core'. Private equity funds are not just hidden employers. What distinguishes private equity buyouts from traditional acquisitions and mergers is their reliance on extreme leverage – debt - which imposes specific requirements on generating and managing the acquired companies' cash flow. Private equity does the deals but supplies little capital of its own – the buyout operators raise the cash from institutional investors, of which pension funds have become the largest component. A percentage of the final sale

price known as ‘carried interest’, typically around 20 percent, goes to the private equity firm when the restructured company either goes public or is sold to other financial investors. Investment banks rake in fees and interest from advising on the deals and trading the debt, but the real bonanza falls to the private equity firms, who in addition to the carried interest from a successful ‘exit’ earn management fees, acquisition fees and ‘financial advisory’ fees whenever they borrow money. The Wall Street Journal, in its edition of October 26 observed: ‘Some investors say they believe that the fees mean the private equity firms can prosper even if the deals they invest in are no longer lucrative, separating the interests of investors from those of the firm themselves’.

Under this system of financing, investors can only meet their targets by squeezing and permanently raiding acquired companies’ free cash flow, effectively imposing a levy on current and future employees. The result is permanent pressure to reduce wages, benefits, and payroll while minimizing investment in fixed capital. The turnaround time for the whole operation, encompassing buyout, restructuring, and ‘exit’, is set at 3–5 years. Private equity describes the process as ‘unlocking value’ through ‘long term’ investment. In reality, it is concentrated financial plunder, taken on the run.

As private equity increasingly stimulates investors’ appetites for short-term profit, listed companies come under growing pressure to ‘deliver shareholder value’ through similar measures. The Australian retailer Coles Myer, for example, only fought off a recent private equity bid by laying off 2,500 workers – the only way to demonstrate to shareholders that it was serious about ‘delivering value’.

The current size of the buyout funds means that no company is immune from a potential takeover. The shadow of private equity now looms over all publicly traded companies, creating a permanent ‘pre-bid’ environment. Any corporation which fails to satisfy investors by regularly delivering double-digit profits, boosting dividends, buying back shares and taking on new debt to demonstrate that it is serious about acquisitions but respectful of cash flow is now a target. The buyout funds are hungrier than ever, and flush with cash.

Increasing levels of debt – and leveraged loans in particular – bring heightened potential for financial instability, crisis and collapse. Private equity’s continued advance depends on favourable interest rates, rising share prices and liquidity in stock markets. A shift in any of these variables would inhibit successful ‘exits’ and shake the entire edifice. In 1998, the Federal Bank of New York brokered a USD 3.65 billion bailout of Long Term Capital Management, the hedge fund founded by Nobel Prize-winning economists. This sum would not even cover the collapse of a single one of today’s large private equity funds – and there are many.

Private equity funds and their lobbyists assert that taking companies private through leveraged buyouts shields them from short-term financial market pressures. In fact, it is private equity’s insatiable appetite that is helping feed the market’s widening hunger for short-term maximum gain, accelerating the general tendency for corporations to downsize and divest rather than retain and

reinvest the profits now being paid out to investors at unprecedented levels. This *financialization* of the global economy has imposed a levy on services and manufacturing, rewarding finance at the expense of investment in long-term job creation.

Unions must act to reverse the hollowing out of productive investment which is destroying jobs and intensifying pressures at the workplace. If, as McCreevy and the experts contend, it is ‘regulatory uncertainty’ which is blocking the further expansion of private equity in Europe, maintaining that uncertainty should be our first line of defence. We should mobilize to ensure that the maximum degree of current national regulation, including limitations on funding private equity, is rigorously applied at a broader level. There is broad scope for union political intervention at national level as well as a coordinated response directed at the EU.

However, current regulation is clearly not sufficient – as the spectacular advance of the buyout business illustrates. The ease with which private equity firms have succeeded in furnishing the Commission with a ‘ready-made agenda’ raises serious questions about the ‘social partnership’ said to underlie the European social model. Their report should be the occasion for European labour to publicly question the nature of the enterprise in which we are purportedly partners.

All systems for regulating markets must adapt and evolve, for markets are constantly mutating. The rise of a new class of investors, and the siphoning off of social wealth to reward financial markets, are not the inevitable result of a natural process, but one which has been carefully constructed at every stage through conscious political intervention.

The forward march of private equity buyouts and the financialization of the global economy can and must be reversed. To do so, we will have to move beyond ‘corporate governance’ issues to develop – and fight for – a comprehensive program for regulating finance that will encourage productive, long-term investment in jobs and skills as an alternative to feeding unrestrained financial appetites.

Available at: <https://www.iuf.org/news/the-commissioner-at-the-banquet/>

The Harsh World of Leveraged Buyouts Has Suddenly Gotten Harsher

Published June 11, 2007

The abundance of cheap credit which has fuelled the leveraged buyout boom is evaporating. Investors fleeing the collapsing US ‘subprime’ property market (based on the sale of mortgages to first-time low income home buyers on ostensibly easy terms which rapidly become onerous) are seeking safety in government bonds and steering clear of the debt which greased the takeover of companies

employing millions. Billions of dollars' worth of buyout debt scheduled to hit the markets this year is in financial limbo, effectively putting on hold the funding behind some of the biggest recent private equity deals. Banks have had to peddle small tranches at a discount, eat the losses, and keep the rest of it on their books, where it was never intended to settle.

Suddenly there are no buyers for the 8 billion dollars in junk bonds behind TPG's USD 23.2 billion takeover of Alltel, or the 7 billion dollar junk bond sale underpinning KKR's USD 26 billion buyout of First Data. Financing for the KKR takeover of the UK's Alliance Boots – Europe's largest buyout ever – has been delayed, as has the sale of debt to fund the Cerberus Chrysler deal. In the IUF sectors, Cadbury Schweppes has cancelled the projected sale of its US drinks division, the debt sale to finance the takeover of Ahold's US Food Service has been cancelled, and funding of the TPG Harrah's buyout is delayed.

With rising long-term interest rates and the cost of insuring high-risk bonds against default at a record high, the buyout business is in trouble.

The *Wall Street Journal's* July 30 list of 'Six Ways Private Equity's World Will Be Harsher in Years to Come' views the matter through the prism of the investor, pointing out that 'quick flips' and sales of companies between private equity funds will become more difficult as credit dries up. Dividend recapitalizations – the funds' preferred vehicle for getting their money out faster by issuing new debt to finance 'bonus' dividends – will likewise become stickier, costlier and quite possibly undoable. As the WSJ points out, this kind of financial engineering is only practicable when debt to earnings multiples are growing, credit is cheap, and a quick, profitable 'exit' through sale of the company is within easy range.

What does this mean for workers, particularly for the millions of workers employed by companies taken private by the buyout funds?

An abundance of cheap credit has made it possible for private equity owners to steadily drain corporate cash flow through predatory financing which under normal circumstances would push a company into insolvency. When the exit doors are blocked, and new debt can no longer be obtained cheaply to refinance the old, cash flow is squeezed even harder. The result is likely to be even more pressure to cut costs through layoffs, closures, outsourcing and further reductions in productive investment. Collective bargaining power, already eroded under the buyout onslaught of recent years, will come under heightened pressure. And more company pension funds will face deficits, capping and closure.

The sterile terminology of the finance industry carefully conceals the social reality behind their transactions. The massive eviction of working people from their homes can thus be described as 'turbulence in the subprime property market'. The leveraged buyout binge of recent years – experienced by most workers as a social disaster – has been hailed for 'bringing efficiency to financial markets'.

The *Financial Times* recently suggested that homeowners defaulting on 15 percent mortgage payments are the real culprits behind the current credit market woes. By the same logic, we may soon be reading in the financial press that

a company taken private through an LBO was pushed into bankruptcy by insufficiently thrifty employees.

At the heart of current developments is a massive failure of government regulatory authority, and workers are paying the price. Only now has the US Treasury Secretary seen fit to mumble a few words about ‘excesses’. Regulatory agencies worldwide have simply sleepwalked while the buyout funds and the investment banks offloaded their risk by flooding markets with cheap debt, encoding the funding of debt by more debt in exotic names like ‘covenant-lite’, ‘toggle loans’ and ‘payment in kind’.

Financial markets require regulation because they can wreak enormous social damage when left on automatic pilot. Regulation is also a tool for pursuing democratic policy objectives. Loansharking in the mortgage market cannot substitute for a policy to promote affordable home ownership for working people. The massive transfer of wealth to private equity funds, through tax and other regulatory subsidies, has succeeded spectacularly in enriching a small number of fund managers and bankers who underwrite the deals. It is hardly a method for encouraging an optimal flow of resources into productive investment which benefits society as a whole.

Rather than protecting the public interest by responding vigorously to steadily escalating risk in financial markets, governments have been building the legislative basis for the further expansion of private equity activity. Employee and union pension funds, seduced by the promise of high returns, have been feeding this expansion by systematically increasing their allotments to ‘alternative assets’ even as the unmistakable warning signs accumulated. The credit rating agencies have played a central role in promoting the sale of debt issues which deserved legal investigation rather than a ‘buy’ rating.

It is too early to predict the full impact, scope and duration of the current credit crunch. For workers and their unions, the world of private equity has always been a harsh one. Now is the time for regulatory action, before it becomes even harsher.

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The G20 and After – Questions for Labour

Published December 31, 2008

The only surprise to emerge from the recent G20 Washington summit – billed in advance as the launching pad for ‘a new global financial architecture’, ‘Bretton Woods II’, etc. – was the apparent surprise at the meagre results. International action to combat global economic meltdown was confined to a vague commitment to ‘coordinated policy response’. There were some references to stimulating

demand and the ritual calls for ‘greater transparency’ and ‘sound regulation in financial markets’. Private equity and hedge funds were enjoined to regulate themselves in the name of ‘best practice’. Climate change and increased hunger linked to food price volatility – essential components of the spreading crisis – were nowhere mentioned. And governments agreed to meet again sometime in... Spring 2009.

However, despite the devastatingly destructive role of the IMF in previous crises, governments represented at the summit were united on the need for a rapid strengthening of the organization’s finances, mandate and reach. Governments were united as well in their call for a rapid completion of the WTO Doha negotiations, which include ambitious provisions for locking in the growth and immunity from regulation of a financial sector whose crisis the meeting was ostensibly convened to address.

Meanwhile, despite the injection of trillions of dollars of public money into national banking systems the financial carnage continues and is now ravaging manufacturing and services. While jobs around the world are being destroyed by the hour, massive new financial bets are being placed on corporate debt and share values as investors seek to cash in on the damage.

The summit communiqué’s vague language and lackadaisical timetable contrast powerfully with the focused demands of the financial sector. The Institute of International Finance, the financial sector’s global lobby organization, set out its demands in a letter addressed to US President Bush on the eve of the summit signed by IIF Chairman (and Deutsche Bank head) Joseph Ackermann and four other high- ranking bankers at the IIF. The IIF has two key demands. These are, first, the creation of a Global Financial Regulatory Coordinating Council to direct the international financial system, in which the IMF’s role as enforcer would be strengthened. The Council would serve as an umbrella group for private banks and the multilateral lending institutions and be linked to ‘colleges of supervisors’ watching over (in the words of the letter) ‘the top 30–40 global financial services institutions’. The IIF sees the expansion of the G8 to G20 and greater representation rights for what they call ‘several systemically important development countries’ within the IMF and other multilateral organizations as the basis for expansion and further integration of the global financial services sector.

If the G20 seemed to dither, Ackermann and company have a clear timetable. According to their letter, ‘As financial institutions and markets are being restored to normal functioning, well-defined exit strategies need to be formulated and implemented. Emergency action should not provide the basis for a permanently larger role for the public in the international financial system: this would risk setting back the prospects for renewed sustained growth of output and jobs by introducing widespread inefficiencies into global markets’. The message is clear: in times of crisis, governments should bail out the financial sector and then quickly retreat to their traditionally more limited role of underpinning the expansion of private finance by guaranteeing public debt.

Does the G20's dismal performance reflect merely a failure of will and imagination on the part of governments? Or is it an illusion to imagine that alternatives to the G8's neo-liberal orthodoxy would emerge spontaneously from a group of eight enlarged to 20, 30 or more central banks and their national financial lobbies whose only shared commitment is to protect the value of their dollar reserves?

Expanding the participation of (selected) developing countries in global summit exercises meets demands for greater representation but leaves untouched the social relations and balance of forces which are at the root of the system and its present crisis. A new financial architecture won't be built by simply adding on rooms. A new foundation is needed, and we won't get it by 'lobbying' the IMF or periodic conclaves of governments. Requests for more demand stimulation, more fairness and more respect for workers' rights are no more likely to be heeded now than they have been in the past. The entire experience of the past two decades – years in which labour's historic gains have been rolled back on virtually every front – demonstrates otherwise. The labour movement, nationally and globally, faces a crisis of enormous depth and scale. Institutions like the IMF which have traditionally served as the instruments for resolving more limited crises currently lack the resources to tackle it. And governments do not currently face the massive social and political pressure which would push them to address the crisis in ways which could reverse decades of social and environmental destruction and strengthen labour's capacity to mobilize.

In this situation, all questions should be regarded as open – and an opportunity for unions to intervene in new ways through new alliances. If the G20 are paralyzed, Ackermann, the banks and the IIF have a program and the means to implement it. What is labour's response? We can begin to think about alternatives by asking some of the questions which weren't on the table at the G20. A partial list would include the following.

Regulating financial markets – regulating what, and for whom?

Progressively freed by state action from laws and regulations which inhibit its activity, the financial sector has assumed unprecedented weight in the global economy. To take but one example, the value of outstanding credit derivatives is currently eight times greater than global GDP. Enormous bets are being placed on everything from bankruptcy to crop failure. To describe this as casino capitalism is a disservice to the casino.

Reregulation is clearly required, but to what end? Is the goal to help the casino operate in a less volatile, more orderly fashion, or is it to substantially shrink the sector in order to channel resources into real investment in people and jobs? The IIF clearly wants more regulation, because their member banks no longer trust the assets they have on their books. They want to invest, but they don't necessarily want to invest in jobs, communities and people, unless it's on their terms. We should distinguish between their regulation and ours.

Finance vs. the real economy?

The financial crisis, we are told, has moved on from its original epicentre and is now attacking the real economy of goods and services. This is true in a limited sense only, because it overlooks the progressive erosion of the distinction between the two which is a key factor in the current stage of the crisis. Manufacturing, services and even farming have become financialized, with corporations devoting increasing resources to purely financial activity at the expense of their manufacturing and service operations. For years, finance has been more profitable than manufacturing for leading TNCs like General Electric and General Motors. German carmaker Porsche in the last 12 months made seven times more money exercising stock options than by manufacturing automobiles, prompting the Financial Times to ask: 'Is Porsche a hedge fund or an automobile maker?' (In fact it's both.) The fusion of the financial with the real economy reaches new heights with the big private equity funds, investment vehicles with portfolio companies employing millions of workers. Agriculture too has become increasingly financialized as huge streams of speculative capital enter previously restricted commodity markets and futures contracts negotiated in distant financial centres impact directly on remote rural producers.

At the same time, manufacturing and service corporations have been steadily pumping cash out of their operations in the name of 'shareholder value', rewarding executives and shareholders with astronomical share buybacks, dividends and stock options. Real investment in plant and equipment is reduced to a minimum, or undertaken only at the expense of massive worker concessions and subcontracting. Corporations have become so lean that a slight downturn in consumer spending can spell instant death, especially for those now choking on their financial operations.

Government paralysis and the credit crunch

Despite the injection of trillions of dollars into some of the world's leading financial institutions, the banks are refusing to lend and are hoarding their cash. Governments, who are now major or even the sole owners of important banks and financial corporations, have been pleading to no avail for them to turn on the credit tap on which the economy depends.

Governments appear paralyzed in the face of the lending strike because these massive injections of capital have been precisely structured in ways to facilitate minimal control and maximum exit speed (the IIF program). There is nothing inevitable about this – as owners, governments can in fact *require* the banks to lend, and determine how and where the money should be invested. They can also use their national regulatory authority to pressure banks which have not (yet) received large injections of public money into lending. They should be compelled by mass political pressure to use their power to mobilize both short-term credit and necessary investment capital – and to ensure that money is not hoarded for

acquisitions and dividends or simply parked in expectations of a return to the days of the 25 percent return.

We should be demanding at work, in the streets, in every public forum and through the creation of new ones, that governments and corporations account for the growth of unemployment at a time when unprecedented sums of public money are being poured into the banking system. Following the biggest nationalizations in history, labour should insist that the banks be regulated as a public good, structured as a public utility, accountable for the pursuit of democratic policy objectives. Money must be used to finance real investment, not to finance finance.

Available at: <https://iuf.org/news/the-g20-and-after-questions-for-labour/>

When Investors Buzz, Workers Take Cover

Published September 24, 2009

As the OECD released its latest Employment Outlook, which foresees a total of 57 million people without jobs in the world's 30 richest countries next year, the battle heated up over the price of a takeover of UK-based confectionery company Cadbury by Kraft, the world's second largest food corporation.

Cadbury CEO Todd Stitzer on September 22 named his price: USD 20.4 billion, up from Kraft's initial 16.7 billion. Sparring over the price, which also saw analysts speculating on a possible move by Nestlé and Hershey, set financial analysts enthusing over a 'shot in the arm' for mergers and acquisitions (M&A) and 'the return of M&A buzz'. European food stocks surged, spurred by what Reuters called 'consolidation hopes' for the food sector. Cadbury's share price leapt by 40 percent in morning trading the day the takeover bid was announced. More 'green shoots' of recovery were detected. What does this buzzing mean for workers? Global mergers and acquisitions hit all-time highs following the 2001–2002 stock market and dot.com crashes, rising exponentially from 2004 until 2006, when they hit an astonishing USD 3.6 trillion. Food and beverages were among the most active sectors. The volume and the size of the deals rose steadily, spurred on by the massive intervention of private equity funds. Under relentless pressure to deliver 'shareholder value', newly 'consolidated' assets were liquidated to return cash to investors through dividends and share buybacks. Selloffs, closures and restructuring eliminated jobs, outsourcing and casualization degraded what was left – 'Anyone can be replaced in 24 hours', as Nestlé CEO Brabeck recently told the press. Pension funds were wound down and closed as liabilities piled up, while investment banks and lawyers who underwrote and 'advised' on the deals raked in billions.

In 2004–2006, with M&A buzzing merrily, the European food sector shed more jobs than any other sectors, including metal and textiles, with the exception

of agriculture. The source of the carnage was not technology – the companies were too busy buying back their shares and raising dividends to invest significantly in new technology or productive capacity. Nor was it offshoring or trade – there was no edible equivalent of Chinese undergarments piling up on European wharves. The jobs were cut by a buzzing M&A chainsaw, as companies vied for the favour of rating agencies and investors by competing to destroy productive assets and get out the cash.

This vast transfer of wealth – funded through job destruction, greased through heavy borrowing and the accumulation of corporate debt – was implemented in the name of ‘growth’. Kraft celebrated its return to public equity markets with a Sustainable Growth Plan which delivered 20 plant closures and 6,000 job cuts from 2000–2004. Sustainable growth continued with another 8,000 job cuts and 20 more plant closures in 2006–2008. Until the crisis knocked it off course last year, Kraft raised its dividend annually, even quarterly.

Another round of job cuts and plant closures announced in February 2008 was expected to generate another USD 1.15 billion in cost savings – all of it paid out to shareholders. It didn’t really matter that Kraft management itself didn’t yet know where the axe would fall: reduced headcount = greater shareholder value. Investors were pleased, so in September 2009, Kraft executives announced another eight plants closed, eliminating 4,700 jobs.

Total compensation for CEO Irene Rosenfeld increased 50 percent to USD 16.9 million in 2008. When it announced the news, Kraft showed its dedication to cost savings by simultaneously announcing that it would not be producing a fancy annual report to mail out for the upcoming shareholders’ meeting.

The financial transformation of Cadbury (a ‘quintessentially British company’ according to the UK *Observer*) came with the 2004 ‘Fuel for Growth’ program through which the elimination of 10 percent of the global workforce powered cash for shareholders. In 2008, Fuel for Growth gave way to the 3-year Vision into Action, which foresees the elimination of 15 percent of the Cadbury workforce. Like many relative latecomers, Cadbury is currently doing better than the early starters. Unlike Kraft, which has frozen dividends and halted buybacks Cadbury continues to raise the dividend and in May initiated a new share buyback program.

The advantages of a Cadbury takeover to Kraft, now struggling under a debt burden nearly half its market capitalization, go beyond the alluring ‘synergies’ offered by Cadbury’s strong brand positions in Latin America and India. The synergy is above all *financial*. ‘This is exactly what the market needs’, David Thebault, head of quantitative sales trading, at Global Equities, told Reuters on September 7, ‘A second wind to drive stocks higher after the 50 percent relief rally, and above all, something that will put the macro stuff on the back seat’.

This is precisely ‘the macro stuff’ which has put workers in the back seat and out on the streets. When investors put out this kind of ‘buzz’, workers have reason to fear for their jobs – and unions need to take action, at the bargaining table, in parliament, in the streets and at the G20, where it has never been on the agenda.

Financial instruments with exotic names like subprime mortgages, CDO, synthetic CDO and the like are now widely understood to have been simply sparkling names for high-risk vehicles for enriching financial investors while offloading risk. The action, vision and growth schemes which channel billions to investors through massive job cuts, casualization, the growth of non-union workplaces and the elimination of retirement benefits belong to the same financial universe. They're merely obscured by the way in which financial products are still labelled branded food products.

Available at: <https://iuf.org/news/when-investors-buzz-workers-take-cover/>

Financialization and Its Investor Discontents

Published November 24, 2011

The US cereal and snack maker Kellogg's has announced it will invest USD 70 million in unspecified manufacturing improvements, and investors are howling with rage. Reuters reported on November 3 (*Kellogg cuts outlook after cutting too many jobs*) that the company 'Cut too many jobs in recent years, which has led to problems – including food safety issues – that it must now spend heavily to fix, sending its shares down nearly 7 percent'.

Kellogg's CEO John Bryant, according to the article, 'Said the company "cut deeper than it should have" and is now reversing course to add people back into factories. He said the company is also improving employee training and interaction with suppliers'. 'That \$70 million was a surprise to (Wall Street); but I think it was absolutely the right thing to do', he added.

The article goes on to describe the conference call with investors, where analysts expressed shock and anger. An outraged Deutsche Bank analyst is quoted as asking 'Why is it happening? And how come you didn't recognize this, let's say, nine, 10 months ago, when you've been around? It seems like the more rocks that are turned over, there's more ugly stuff underneath. And it's amazing that a company like Kellogg's, with its reputation, is actually going through this'.

Neither the company nor the investors would be surprised if they read their own material and their concentration spans extended beyond the financial quarter. For years, Kellogg's has been cutting back on investment, outsourcing production to non-union sites and contract manufacturers and generally cutting corners. A decade or more of dubious cost savings is detailed in the company's annual reports, but the analysts never read beyond earnings per share. Cheerleaders at an investment and employment massacre, they're now horrified at the blood on the floor.

In its regulatory filing for financial 1999, Kellogg's cited reduced capital expenditure as one of the ingredients generating double-digit growth in earnings per share. 'Buy', said the analysts.

Fast-forward to the 2011 regulatory filing, which records five years over which capital expenditure, already at a historic low of 4.15 percent of net sales in 2006, declined to 3.82 percent in 2010.

The figures for reduced capital expenditure only tell part of the story. Another part – systematic outsourcing of manufacturing – is recorded in the increased expenditure under ‘non-cancelable capital and operating leases’. Were it not for the statutory requirement to report on employment and the company’s pension obligations, employees would disappear entirely into ‘miscellaneous costs of doing business’ – the accounting fate of ‘leased’ workers.

Investors are amazed that the company has been reducing investment and cutting corners in manufacturing? In 2009 Kellogg’s proudly announced its new lean production system, K-LEAN, which ‘seeks to optimize the company’s global manufacturing network, reduce waste, develop best practices on a global basis and reduce capital expenditures’. Predictably, product safety issues emerged from this ‘lean’ food production system. Analysts were happy as long as the reports stayed out of the news, and Kellogg’s announced the umpteenth consecutive dividend increase. Unions warned of the safety consequences of layoffs, outsourcing and reduced investment, but no one was listening.

Now analysts are upset that USD 70 million is going into plant and equipment – money which they consider belongs to shareholders. But 70 million is a drop in the ocean against the share buybacks the company gleefully reported for 2009, a year of product safety recalls: ‘Our Board of Directors authorized stock repurchases of up to \$650 million for 2009. During 2009, we spent \$187 million to purchase approximately 4 million shares of common stock. The unused portion of the 2009 authorization, amounting to \$463 million, was rolled over and is available to be executed against in 2010. The Board of Directors has authorized an additional stock repurchase program of up to \$650 million bringing the total 2010 stock repurchase authorization to \$1,113 million....’

In February 2011, listeria was detected in products produced at a non-union factory in Georgia. Analysts took no notice. It was the USD 70 million earmarked for investment and training – money which was rightfully theirs – which shook them out of their reverie.

Subordinating investment and employment to the demand for ‘shareholder value’ is sometimes described as ‘short-termism’. The Kellogg’s story shows how ‘short’ has been compressed, from annual to quarterly to today’s share price. ‘How come you didn’t recognize this, let’s say, nine, 10 months ago?’ Instant gratification requires amnesia. If you remember the last quarterly conference call, you weren’t there.

Available at: <https://iuf.org/news/financialization-and-its-investor-discontents/>

Unions Must Reject the European Central Bank's Poison Bailouts

Published September 10, 2012

Investors are pleased. The European Central Bank, the power at the centre of the world's largest banking cluster, has committed to supporting financially strapped Eurozone governments through unlimited bond purchases. This should, in principle, drive down interest rates and ease borrowing costs. But it comes with a steep price: governments requesting central bank assistance must sign up to further public sector job and spending cuts.

ECB official Jörg Asmussen stressed that bond purchases 'will only take place when the country undertakes tough reform measures. That is a necessary precondition for the ECB to act'. IMF head Christine Lagarde reinforced the message by 'welcoming' support in the bond markets linked to 'macroeconomic adjustment programs and adhering to the associated structural and fiscal reform efforts'.

It is a familiar pattern by now. Brinkmanship has been the ECB's weapon of choice in a massive assault on public services, social rights and collective bargaining, organized in concert with the European Commission and the IMF (the 'Troika'). At every stage in the widening crisis, the ECB has timed its interventions for maximum shock value to reinforce the austerity regime. Speculative attacks have been entirely predictable, given the way the bailouts have been organized. But financial 'contagion' is allowed to spread. Only then, when the markets threaten to spin out of control and opinion has been numbed by a media barrage threatening impending catastrophe, does the ECB take action – in exchange for more public spending cuts and more deregulation,

This cynical and dangerous game has already inflicted needless hardship on millions of working people, and we've just been promised more. Unions must clearly reject this poisoned bailout pill and demand a radical change of policy.

The ECB has enormous resources at its disposal; at every stage of the widening crisis it has had the money and the mechanisms to beat back the speculators. It also has the resources to anchor the public investment program which is the genuine vehicle for combating the crisis and the alternative to austerity. Policy makers know that massive spending cuts are accelerating unemployment and placing further strains on public finances. They know as well that successive bailouts have left governments to absorb the devastating costs of private losses. But they have a lesson to teach and a mission to accomplish.

Earlier this year, the ECB handed out a trillion Euros in virtually interest-free loans to the private banking sector – with no strings attached. There has yet to be a public accounting of how that money was used (in fact the ECB has admitted that it hasn't a clue). Yet public finances in countries which submit to the bailouts are subject to microscopic scrutiny to ensure that the full measure of pain is inflicted and that decrees are casually imposed to abrogate worker rights

enshrined in EU and international treaties. The case of the vanishing trillion is not the only unsolved Eurozone mystery. How much wealth has been siphoned out of countries allegedly benefiting from financial ‘assistance’ under the Troika?

These questions have no place in the prevailing narrative, according to which non-political technocrats struggle valiantly to contend with the anonymous forces of ‘the market’. In fact, the ECB and its allies are pursuing a deeply political agenda, at the heart of which is a project to roll back or eliminate the social advances of the last half century. That agenda must be challenged and defeated, in the first instance by organizing to reject the latest program for still more impoverishment and by ramping up the anti-austerity protests.

Yes, the financial system needs stronger regulation and stricter enforcement. The deeper question is: regulation for what? The evolution of the crisis over the past four years, a crisis which remains as far as ever from genuine resolution, demonstrates the need to bring finance under public oversight and democratic control. Confronting and defeating the austerity regime is the first stage in the fight to run the banks as public utilities.

Available at: <https://iuf.org/news/unions-must-reject-the-european-central-banks-poison-bailouts/>

The Private Equity Effect

Published March 14, 2014

Private equity dominated the February Consumer Analyst Group of New York (CAGNY) conference, even without a formal presence – a measure of the extent to which the buyout funds’ operational methods have permeated the food industry. While leveraged buyouts have not yet recovered their pre-2008 scale or volume, the big buyout houses emerged from the meltdown bigger than ever as complex financial conglomerates for whom pillaging companies is only part of the business of buying and trading everything. But private equity is not a closed universe. The funds’ substantial footprint in the processed food industry, as elsewhere, has brought into the mainstream the financial engineering and aggressive cost-cutting developed through decades of leveraged buyouts.

Heinz, taken private last year in a leveraged buyout by Brazilian 3G Capital and Warren Buffett’s Berkshire Hathaway, now sets the benchmark for the food business (see *The more things change: Heinz and the varieties of private equity buyout* at: <https://iuf.org/news/the-more-things-change-heinz-and-the-varieties-of-private-equity-buyout/>) for an analysis of the deal and its implications). 3G built a Brazilian brewer into global giant AB InBev through ruthless cost-cutting, and achieved the seemingly impossible by squeezing even more cash out of Burger King when they took over from earlier rounds of private equity investors

who effectively vacuumed out large quantities of cash. Two years later Burger King was returned to the stock market.

In their first year in charge of Heinz, 3G has shuttered three plants in the US and Australia, eliminated over 10 percent of the global workforce and brought in advisers Accenture to implement their ‘zero-based’ cost-cutting budget program. The rest of the industry has taken notice.

‘Many in the industry have been surprised (scared!) by the size of the savings squeezed out of Heinz, a company that was previously considered well-run and efficient’, Rabobank analyst Nicholas Fereday wrote in a report previewing this year’s CAGNY conference. ‘This has left them sifting through their own business operations for savings knowing that if they do not, they might just find themselves on the menu of private equity.’

Heinz’s reputation for financial efficiency (read: souped-up returns) stems from pressure applied by hedge fund investor Nelson Peltz, whose Trian Funds shook up Heinz in 2006. Now Peltz is back at Mondelez and has a seat on the board, while Jana Partners and other hedge funds load up on Mondelez stock.

Mondelez is not scared by 3G’s work at Heinz, but inspired. CEO Irene Rosenfeld told the *Financial Times* at the conference ‘We’ve watched the work that 3G has done with AB InBev and Heinz – Accenture was the partner with them and we believe they can be of great help to us’. CFO David Brearton told the CAGNY meeting that Mondelez has hired Accenture ‘to help us rapidly take out costs’.

Mondelez perfectly illustrates the private equity effect – a publicly-listed company that substantially resembles an LBO in its capital structure, targets and methods. Debt was the vehicle for the acquisitions which propelled the former Kraft Foods Inc. into the ‘global snacks powerhouse’ which is today Mondelez. When Kraft was split and Mondelez was spun off, virtually all the debt was loaded onto the new company. The pressure on cash flow remains considerable. Mondelez has since taken on new debt solely to fund shareholders and top management. Three weeks after being targeted by Peltz’s Trian fund last year, Mondelez hiked its share buyback authorization by 400 percent and announced an 8 percent increase in the dividend. New borrowing to reward top management on an already leveraged balance sheet is precisely the mechanism of the classic private equity dividend recapitalization. And no food manufacturing company with an eye on the longer view would set the profit targets Mondelez has recently announced. But like 3G at Burger King or Peltz at Heinz, the current crew probably doesn’t plan on sticking around for the long haul. For the moment their eyes and those of the entire industry are glued on Heinz and their private equity bosses.

Available at: <https://iuf.org/news/heinz-mondelez-and-the-private-equity-effect/>

Breakthrough in Greece? Austerity and Solidarity

Published January 12, 2015

Greece will hold parliamentary elections on January 25 and Syriza, the left-wing party which has consistently called for debt restructuring and an end to austerity, is leading the polls. The IMF–European Commission–European Central Bank ‘Troika’ are warning of the ‘threat’ of Syriza coming to power and have forcefully indicated their support for Greece’s ruling coalition by conditioning further financial support on the re-election of a pliable government. A Syriza victory indeed threatens the suffocating grip of the European and global austerity regime, and for that reason should be welcomed and actively supported.

For the last four years, a succession of aggressively harsh austerity programs have been imposed on the country by the IMF–EU–European Central Bank ‘Troika’ as a condition for supporting the banks and the treasury. At the Troika’s insistence, the minimum wage was reduced by 22 percent, and by 32 percent for workers under 25. Collective bargaining has been shredded, in blatant violation of international and EU law. Public services have been gutted and there are shortages even of basic medicines. Economic output has declined by 25 percent compared with pre-crisis levels, a level of destruction normally associated with war. A quarter of the workforce is jobless, with unemployment over 50 percent for young people. Malnutrition and infant mortality are on the rise.

Unsurprisingly, years of austerity have only worsened the country’s capacity to service its debt; the public debt to GDP ratio is now an unmanageable 175 percent – up by over 34 percent since 2010. Greece simply has no resources to pay its sovereign debt, as even the IMF has reluctantly recognized. The Eurozone’s slide into austerity- induced deflation aggravates the problem. Yet the IMF–EU–European Central Bank ‘Troika’ continues to inflict social and economic damage on a massive scale, and insists that the carnage continue.

All of this was predictable, and at every stage alternatives were feasible. Substantial debt restructuring coupled with increased public investment in the early phases of the crisis would have averted much of the pain, and not only in Greece. Cutbacks in public spending have never lifted a country out of recession. ‘Internal devaluation’ – lowering costs to make exports more competitive by reducing wages – was never a plausible solution to the Greek debt crisis; the country’s negative trade balance has improved, but only because imports have been substantially reduced as a result of the radical decline in consumption.

If the Troika insists on more of the same, and not only in Greece, it is because they have a *political* project to fulfil: public services, union power, living standards and corporate taxes must be reduced, everywhere. Privatization will plug any fiscal holes. Austerity is not the product of a deficient grasp of macroeconomics or a failure of ‘social dialogue’: it is a conscious blueprint for expanding corporate power. The program has been practiced and refined for decades in the developing world, everywhere with similarly disastrous results.

It came to the European Union for the first time with the imposition of extreme austerity in Estonia and Latvia following the 2008 financial meltdown. Despite decades of increasing volatility and cascading crises, a weakened labour movement was unprepared for the crisis and unequipped to articulate and impose a coherent Left response. Labour and social-democratic parties had long been complicit, even active participants in enforcing the new fiscal and political orthodoxy. There was little debate in Sweden when the Baltic economies were ravaged to bail out Swedish banks. Workers in those countries were left on their own, with no real support.

With little effective opposition, European austerity spread; first to Greece, then to Spain and Portugal, then further north. At the same time, austerity's forward march cleared the path for an increasingly aggressive, racist and xenophobic Right which offers simplistic answers to the crisis of the status quo.

Syriza emerged from a groundswell of popular revolt, and that revolt should be encouraged. But an election victory on January 25 will immediately set in motion widespread financial hostility. Even if the party succeeds in putting together a coalition government – and there will be massive pressure to block this – the difficulties will have only begun. Negotiating debt relief will be tough, and Greece could be left no choice but to quit the euro, triggering massive capital flight. Pressure will also fall immediately on Spain and Portugal, where elections are scheduled for later this year, and Spain's ascendant Podemos has, like Syriza, become a vehicle for hope.

The Greek elections offer a potential breakthrough, but to carry out their program a government of the Left will need massive understanding and support abroad. Unions should be in the forefront of building that support.

Available at: <https://iuf.org/news/breakthrough-in-greece-austerity-and-solidarity/>

Part Three:

Hungry Corporations vs. The Right to Food

The Corporate Program for Global Hunger: Let Them Eat GM0s

Published June 27, 2002

Critical assessment of the June World Food Summit in Rome has tended to focus on the almost provocative absence of meaningful political representation by wealthy countries. Only two Western heads of state took part, and one of them – Italy's Berlusconi – closed down the summit early to watch the football World Cup. The summit's failure was thus a failure of political will.

Much of this criticism, however, misses the point. The majority of governments of wealthy food-exporting nations have long since turned over direct responsibility for food policy to their leading agribusiness corporations. Heads of state attended to their business, industry lobbyists to theirs. 'We're here to sell biotechnology', a US delegate told the UK's *Guardian*, 'and that's what we've done'.

So while the summit failed to offer even the proverbial crumbs to the hungry, global agribusiness walked away with the prize: formal UN endorsement of the grotesque proposition that GM foods constitute an effective means for combating global hunger. Failure of will or business as usual? To put this development in context, it is useful to return to the original summit's Action Plan.

The 1996 World Food Summit established the goal of halving world hunger by 2015 through, among other measures, the implementation of 'food, agricultural trade and overall trade policies... conducive to fostering food security for all through a fair and market-oriented world trade system'. In practice, this means the 'food, agricultural trade and overall trade policies' enforced by the WTO and regional trading blocs like NAFTA, i.e. the very policies which are predicated upon and are deepening global food insecurity.

The facts speak for themselves. FAO research shows that the opening-up of developing country markets under the WTO regime has resulted in a dramatic surge of food imports, growing landlessness and rural unemployment, and declining output per capita among rural producers. The global corporations which increasingly dominate world trade in food are trading in hunger. And the

subsidized dumping of food in developing country markets – the single greatest factor in the destruction of local agriculture – was sidelined as a ‘non-trade issue’ at the WTO’s Doha summit, which endorsed a new round of talks for deepening corporate domination of global food markets.

At the Rome summit, US Agriculture Secretary Ann Veneman rejected criticism of the US government’s 18 billion dollar increase in agricultural subsidies by suggesting that the solution to hunger lay with... biotechnology and GMOs. Bad seeds, rather than corporate- dominated trade regimes, are to blame if 800 million people go hungry every day.

Here again, the facts tell a different story. None of the commercial GM crop varieties under cultivation has shown increased yields or reduced pesticide or water consumption. But the 30-fold expansion of GM acreage in the last five years coincides with a process of unprecedented corporate concentration and the emergence of so- called ‘life-science’ corporations combining seed patenting and chemical inputs. Agricultural biotechnology is dominated by just five companies; Monsanto’s GM seeds account for over 90 percent of commercial GM crops. Genetic engineering for herbicide resistance accounts for 77 percent of the global GM area. The herbicide is made by Monsanto, which also owns the gene patent.

GMOs have nothing to do with feeding the hungry and everything to do with feeding corporate coffers. Commercialization of GMOs, enforced where necessary by WTO sanctions, and the rising GM contamination of natural plant species, are not only a threat to rural lives and livelihoods. They are a serious menace to the biodiversity on which depends real – as opposed to corporate – advances in agricultural progress, and they must be stopped.

Can the FAO and food summitry contribute to reducing global hunger? Yes, given appropriate changes in the international context in which food is produced and traded. That in turn depends on a sustained union mobilization to wrest control over food and agricultural policy from the corporations which currently dominate national and global policies and institutions.

Available at: <https://iuf.org/news/world-food-summits-program-for-global-hunger-let-them-eat-gm0s/>

Suppressed NAFTA Report Shows Threat to Global Agriculture

Published November 1, 2004

While it presses its WTO complaint against the European Union’s lapsed moratorium on GMO imports, the US government has been seeking to suppress an official report on the GMO contamination of Mexican maize (corn) prepared by the Commission for Environmental Cooperation (CEC) of the North American

Free Trade Agreement (NAFTA). The administration has intervened to halt its publication and is working to delay it indefinitely, but the leaked report's conclusions are available at: <http://www3.cec.org/islandora/en/item/2152-maize-and-biodiversity-effects-transgenic-maize-in-mexico-key-findings-and-en.pdf>.

The report, undertaken in response to demands from Mexican environmental, indigenous community and farmer organizations, confirms what independent researchers have previously documented but the agrofood/biotech industry and its political proxies have consistently denied. In Mexico, the birthplace of maize and repository of the world's richest variety of species, indigenous maize has been extensively and irreversibly contaminated by US GMO varieties *despite Mexico's ban on commercial GMO cultivation*.

Any GM grain is a seed, and farmers will plant it. The pollen is diffused as the plant ripens and the patented genes insert themselves into the genetic material of non-GM varieties. This is what has happened in Mexico, propelled by the cheap, subsidized genetically modified imports which have flooded over the border under NAFTA.

The report concludes that Mexico can only protect its biodiversity and the farming communities which safeguard it by strengthening the moratorium on the commercial growing of GM maize. To achieve this, says the report, the government must minimize GM maize imports and insist on 'clear and explicit labeling in the sacks, containers and silos' that contain GM maize. To defend native varieties the report calls for all imported maize to be immediately milled at the point of entry to cut off GM contamination at the source.

No wonder the industry wants to suppress the report. It implicitly recognizes that the conflict over GMOs is not about 'science' but about power, specifically the ability of a handful of seed, pesticide and grain trading corporations to dictate the conditions of global agriculture. This is the meaning of the statement in the conclusion that 'The economic pressures associated with modern agriculture and the current asymmetries in the economy of commercial exchange of maize between Mexico and the United States could cause farmers and small cultivators to abandon the use of native varieties'. Forcing Mexican *campesinos* to abandon native maize is precisely the program which corporate agribusiness has been pursuing under NAFTA. The goal is not only to capture the Mexican maize market for US-based agribusiness (Canada is already heavily dependent on GMOs for maize and soybeans), but to make Mexican farming dependent on patented inputs of seeds, pesticides and other chemicals. The US government, in its comments on the draft report, quickly cuts to the essential issue: the report's recommendation that all commercial maize shipments be immediately milled 'would be a significant barrier to trade'.

The report is particularly embarrassing since the Bush administration is not simply pursuing a WTO complaint against the EU's faltering GMO restrictions. It is now preparing a *second* WTO complaint attacking Europe's GMO labelling requirements. As part of a wider offensive aimed at breaking down 'barriers' to

expanding exports of basic foodstuffs, it is forcing GMO maize on Africa in the guise of 'food aid' and paving the way for global cultivation of GMO rice, the ultimate corporate prize.

The CEC was set up under NAFTA's environmental 'side agreement' to sell the trade pact to a hostile public worried about the 'free trade' impact on health, safety and the environment. Like the labour rights side agreement which was tacked on at the same time for the same reason, it is a toothless appendage to a vehicle for corporate expansion. The conclusions and recommendations of the draft report on Mexican maize can, however, serve as *minimum* guidelines for stemming further GM contamination in North America and beyond.

A number of further conclusions can also be drawn. First, African nations which have been derided and threatened by the Bush administration for insisting on milling imported US maize are absolutely correct. The African Growth and Opportunity Act of 2000, which conditions greater market access on political concessions, has been a vehicle for coercing governments to abandon efforts to defend food security, biodiversity and public health. By rejecting unmilled US maize imports African governments are simply acting on the basis of the precautionary principle. They deserve wider support for their position to avoid being starved into submission.

Second, if any more evidence were needed, the CEC report shows that 'segregation' and 'separation' of GMO and non-GMO crops is an industry-driven public relations fraud. When commercial growing of GMOs takes hold, contamination is inevitable and irreversible.

Third, GMOs are fundamentally about rights, power and control. Biodiversity and small farmers are not the only casualties of global trade deregulation. The majority of genetically modified seeds are designed to resist high doses of toxic pesticides and herbicides. Their commercialization means more, not less, chemical applications, and agricultural and plantation workers are in the front lines of exposure. GMOs are the patent-protected route to diminishing social and environmental sustainability in global agriculture. Compulsory GMO labelling and bans on commercial cultivation are basic instruments of social and biological defence against an invasive technology, and they will have to be used against the trade and investment rules which are promoting GM agriculture.

Finally, the European Union is currently embroiled in a WTO dispute over the further propagation of GMOs, but it is a reluctant combatant (see *GMOs and the WTO: Defending a Vanishing Moratorium at: <https://www.iuf.org/news/editorial-gmos-and-the-wto-defending-a-vanishing-moratorium/>*). At the WTO, the EU is seeking to fight off the trade sanctions which would result from a favourable decision for the US, Canada and Argentina in their complaint against the former moratorium. At home, on the other hand, the EU Commission is bowing to pressure from the biotech industry. In the latest of a series of voluntary surrenders, the Commission has now authorized EU-wide sales of Monsanto's glyphosate-resistant maize NK603 in food and animal feed. Ultimate capitulation

to the industry will be put to a vote at a Regulatory Committee meeting tentatively planned for November 29, when EU member states will be asked to abandon the precautionary principle and lift their national bans on GMOs. In the context of the CEC report, it is timely to recall that these bans were enacted in Austria, Germany and Luxembourg *in response to specific concerns over GM maize varieties* from Bayer, Monsanto and Syngenta (other national bans concerned rapeseed, about which there is also abundant evidence of GMO contamination). European trade unions should make use of the suppressed NAFTA report to remind their governments, and the EU Commissioners, why these bans were enacted in the first place, and campaign to defend and extend them.

There now exists an international human rights instrument which gives countries the right and the means to reject GMO imports: the Biosafety (or Cartagena) Protocol to the Biodiversity Convention. Had the Protocol been in effect and effectively implemented when NAFTA began its destructive work, millions of small Mexican farmers would not have been forced to join the ranks of the urban unemployed, and GM contamination would have been halted at the border.

Human rights law not only gives countries the right to defend themselves against GMOs. It requires them to do so. Unions need to press for wider ratification and implementation of the provisions of the Biosafety Protocol and start making effective use of this essential tool.

Available at: <https://iuf.org/news/suppressed-nafta-report-shows-threat-to-global-agriculture/>

Syngenta's Global Genetic Power Grab

Published February 7, 2005

Cecil Rhodes, the notorious British imperialist for whom the former Rhodesia was named, once said that he would annex the planets if he could. His ambitions were modest compared to today's 'life sciences' corporations, whose appetites are boundless. Rhodes had to content himself with Southern Africa. Backed by a predatory notion of 'intellectual property rights' and the WTO TRIPS Agreement, Monsanto seeks to patent an entire species, the soy bean. Syngenta is even more ambitious: the company is going after the plant kingdom, and has applied for a patent on the process by which plants produce flowers.

In June 2001, Syngenta, the Swiss-based corporation which is the world's largest agrochemical company and number three in seeds, filed a patent application (PCT/EPO2/06968, Publication Number WO03/00094) with the World Intellectual Property Organization for exclusive rights to the genetic sequence governing 'development and timing of flower formation in plants and which can be used to modulate flower development, architecture and flowering

time'. The patent application was an outgrowth of research into the rice genome, one result of which has been the notorious 'Golden Rice', the vitamin A-enriched GMO rice touted as the solution to poverty-induced vitamin A deficiency. This patent is virtually limitless in its scope, as it lays claim to the genetic processes regulating flower formation not only in rice but in flowering plants in general. Because the process of flower formation in rice is broadly similar in a number of other plants, the patent application extends to a number of staple food and cereal crops such as wheat, maize (corn) and bananas, including 23 major food crops listed in the annex to the Treaty on Plant Genetic Resources for Food and Agriculture. Syngenta's application explicitly claims patent rights over plants containing these genetic sequences which are as yet undiscovered or which have not yet been taxonomically classified. Though it contains no invention, it is a patent on the future as well as the present.

The threat to global food security in this patent on life is enormous. GMO rice is the biggest prize by far in the corporate rush to impose on farmers patented seeds and inputs. Even without the GMO spin-offs, the patent would impose a straightjacket on publicly-funded agricultural research by erecting a patent-protected wall around research into the process by which plants flower and reproduce.

The company's international patent application has now progressed to the 'national phase' of the patent protection process – and Syngenta has indicated it would seek approval in 115 countries for its gene monopoly.

Unless international action is taken to induce Syngenta to withdraw its applications, the patent will have to be challenged in each of these countries. The IUF has therefore joined with the ETC Group (formerly RAFI), the organization which first uncovered and sounded the alarm over the patent, to seek to block it. The IUF has written Dr Jacques Diouf, Director-General of the United Nations' Food and Agriculture Organization (FAO), in which the IUF has consultative status, calling on him to request that the patent be blocked in each of the countries in which application is pending.

Plant genetic resources and information belong in the public domain, where they can be utilized for the benefit of all. The International Treaty on Plant Genetic Resources is supposed to secure this human right, but the TRIPS Agreement and loopholes in national and international patent law are facilitating the corporate plunder of genetic resources which belong to and must serve all of humanity. We will be working with ETC and other similarly engaged groups at national and international level to effectively insure that Syngenta's attack on global food resources is defeated.

***Postscript:** Faced with organized opposition to an international patent application aimed at gaining proprietary rights over the genetic process governing flower production in plants, Syngenta agreed to let its patent application lapse. In separate communications to the IUF and to the ETC Group in February 2005,*

Syngenta stated that it would not pursue its patent claims at the US Patent and Trademark office and the European Patent Office. The announcement followed earlier ambiguous statements that it would abandon the patent in developing countries, leaving open the possibility that it would continue pushing the application in other critical markets. In its letter to the IUF, Syngenta wrote:

'It is our belief that intellectual property rights are indispensable for investment in innovation, as they provide transparency and enable companies to take considerable research and development risks with a return on their investment. The seeds sector in particular shows how the patent system encourages companies to share and license technology and inventions that might otherwise be kept private and exclusive'. The patent process, however, is anything but transparent, and Syngenta's international patent application PCT/EPO2/06968, Publication Number WO03/00094, which lays claim to dozens of major food crops (including varieties as yet undiscovered!), exemplifies a global corporate strategy. Sustained pressure is needed on Syngenta and the other biotechnology and seed/agrochemical corporations to ensure that their patent applications are disclosed and accessible, in order to block their drive to claim 'ownership' of the world's food resources through the patent process.

Jacques Diouf, Director-General of the United Nations' Food and Agriculture Organization (FAO), did not reply to our letter calling on the organization to exercise its mandate to defend global food security and take action to block the Syngenta patent application.

Available at: <https://www.iuf.org/news/syngentas-global-genetic-power-grab/>

Water for Life or Water for Profit?

Published March 21, 2005

The United Nations General Assembly has officially designated the period 2005–2015 as the International Decade for Action 'Water for Life'. The action decade begins on March 22, World Water Day. As part of the Millennium Development goals, the UN has set a target date of 2015 for reducing by half the proportion of the world's people without sustainable access to safe drinking water and sanitation.

The problem is enormous. UN statistics tell us that some 1.3 billion people currently lack access to clean water, while nearly twice as many have no access to sanitation and sewage. A large number of those without access to drinking water and sanitation are agricultural workers. Most difficult of all is the situation of women workers, who generally bear the responsibility of securing water for their families. Those who help to feed the world but whose fundamental rights are routinely, often brutally, violated are also denied the right to one of life's

essential sources. Thirst, dehydration, heightened exposure and vulnerability to waterborne diseases and chemical hazards (because there is no water to wash with after applying toxic chemicals) are not the only consequences of this denial of rights. Water scarcity means growing food insecurity – in the first instance for all those who depend on agriculture for their livelihoods.

One official from the United Nations' Food and Agriculture Organization (FAO) has observed that 'The international debate on water problems tends to overlook the important role of agriculture, the biggest water user'. We can add to this the fact that the 'debate on water' has, to date, excluded the world's 450 million agricultural workers, who experience the lack of access to adequate fresh water as a crisis of their jobs, their health and their lives. Their crisis is the crisis of the world food system.

For the transnational water corporations, on the other hand, water scarcity 'represents an extremely attractive money-making opportunity', as *Eurobusiness* magazine called it in an article entitled 'Europe's liquid gold'. Nearly half a billion people now depend on private water corporations – a ten-fold increase accomplished over the space of a mere ten years. The 1990s were the corporate action decade, when (mostly poor) countries were swindled or coerced into surrendering their water. Corporate appetites are not limited to municipal water, but ultimately extend to agriculture, which consumes nearly three-quarters of all fresh water and is the biggest potential market for private water providers.

Constraining the activities of global water corporations isn't on the official agenda for World Water Day 2005. Nor is realizing the specific rights of agricultural workers, including the right to clean drinking water as set out most recently in the United Nations' International Labour Organization (ILO) Convention 184 on Safety and Health in Agriculture. The IUF will therefore mark World Water Day by encouraging its affiliates around the world to continue pressing their governments to ratify and implement without delay ILO Convention 184. And by congratulating the citizens of Uruguay for organizing and winning by a large majority a referendum for a constitutional amendment which guarantees access to water and sanitation as a fundamental human right to be provided by the state as a public service. The newly installed government will have as one of its tasks the implementation of this constitutional reform. The labour movement in Uruguay played a key role in mobilizing support for this historic achievement. Unions around the world can and should build on the Uruguayan experience.

Available at: <https://www.iuf.org/news/water-for-life-or-water-for-profit/>

Surrendering to Hunger at the FAO

Published April 28, 2008

Convened against a background of hyperinflation in basic food staples and global hunger riots, the most striking achievement of the recent FAO High Level Conference on World Food Security in Rome was its ringing call to continue with business as usual.

Ostensibly organized to resolve urgent issues of food security, climate change and bioenergy, the Conference's Final Declaration ultimately had nothing to offer in any of these areas.

Thanks to heavy lobbying by the US, EU and Brazil, the massive, and its role in inflating the price of food staples, was reduced to a 'challenge' and 'opportunity' – without explaining how biofuel expansion will alleviate hunger. The diversion will therefore continue – along with rising prices and growing hunger.

The Conference offered nothing to remedy the huge influx of speculative capital into food commodity future markets which in conjunction with the biofuel rush is pushing staple prices skywards. Rhetorical support for less energy-intensive agricultural methods was embedded in the language of connecting greater numbers of small producers with a world market whose volatility has been undermining livelihoods for decades – regardless of whether prices are plunging or skyrocketing. The issues facing agricultural workers – poverty, starvation, violence, access to potable water and the daily violations of fundamental rights – were not even on the agenda. Despite the talk about 'urgent action', that left only humanitarian assistance – and a call for the rapid conclusion of the Doha Round WTO negotiations on further liberalizing the agricultural trade system whose progressive liberalization is at the heart of the problem. The Conference failed because the food crisis was essentially reduced to the rapid escalation in food prices over the past three years. Yet this is only one manifestation of a persistent, longer-term crisis in which the right to adequate food is routinely denied to more than 800 million people, including those who work in agriculture.

The question the Conference organizers neglected to ask is why are so many millions already on the edge, and why are so many of them employed in agriculture? It has been estimated that every percentage point increase in the price of staple foodstuffs can send an additional 16 million people in developing countries into hunger. Prices of some key staples have doubled and tripled in the space of a year, some of them in the space of months. On March 31, the price of rice on futures exchanges rose by 31 percent *in a single day*; on February 25, that of wheat by 27 percent. Hunger riots should come as no surprise.

While it is an urgent necessity to halt the rise in prices, why are there no official proposals to raise rural workers' incomes to compensate for the loss of purchasing power and the reduction in calories? Why did millions of rural workers sink into hunger and poverty when agricultural commodity prices *fell* steadily downwards, as they did through the 1990s? We should ask why the retail prices of, for example,

coffee, tea, or sugar remained essentially stable, or even increased, for over a decade, while world market prices for these commodities were in prolonged free fall. Why, during these years, did the profits of the transnational processors and traders increase, along with their buying and marketing power; while the wages of coffee, tea, and sugar workers stagnated or fell, sometimes drastically?

Where is the linkage between commodity prices, retail prices, wages and purchasing power the WTO assured us liberalized trade would achieve through the ‘optimal utilization of resources’? The WTO regime – and the Agreement on Agriculture in particular – facilitated import surges that have devastated systems of local and national food production. Dependence on volatile global commodity prices has pushed entire populations to the brink of starvation.

Commodity prices in themselves tell us nothing about the capacity of the world’s agricultural workers to feed themselves, or the urban poor. The key issues are vulnerability, volatility, and the extraction of value along the food chain.

While an additional 100 million people face possible starvation as a result of rapidly rising cereal and oilseed prices, corporate profits for the traders and primary processors are at record levels. Cargill, the world’s leading trader, registered an 86 percent increase in profits from commodity trading in the first quarter of this year. Profits for ADM, the second global trader, were up 67 percent last year. Bunge, riding the wave of demand for oilseed for biodiesel, enjoyed a 77 percent increase in first quarter profits this year. Nestlé, the world’s largest food corporation, posted exceptional 2007 profits and launched a 25 billion dollar share buyback program – while telling its workers that higher input prices mean they should brace themselves for layoffs and wage cuts.

You can search in vain for the word ‘corporation’ in the FAO’s 50-page briefing paper for the World Food Crisis Conference – this in a report entitled *Facts, Perspectives, Impacts and Actions Required*. You won’t find it either in the OECD–FAO Agricultural Outlook 2008–2017 – though you will find a message to the global poor that they’ll be facing unaffordable food prices for the next decade or more. In these documents, the main issues and actors in the crisis of the world food system have been erased. The driving force behind liberalizing agricultural trade over the past decade – the enormous increase in the reach, power and market share of transnational corporations, not only across borders but *within* local and national markets through intra-company trade and subsidiaries – is entirely absent. There are only markets, market signals, and prices. With these ‘facts’ and this ‘perspective’, how can we understand the real mechanisms at work, and meaningfully address the issues? While international agencies have suddenly discovered underinvestment in agriculture, investment in commodity indexes has climbed from USD13 billion in 2003 to \$260 billion in March 2008 – and according to some analysts may soon hit a trillion US dollars. Private equity and hedge funds – investors focused on short-term, high-yield gains – have been expanding beyond futures markets and are now pouring billions into acquiring farmland, inputs and infrastructure. Yet the FAO briefing paper for the

Rome Conference devoted a dismissive two paragraphs to the phenomenon in its ‘assessment of recent developments’, and nothing in its concluding ‘policy options’. No lobbying was required to suppress calls at the Conference for the re-regulation of financial markets – it wasn’t even up for serious discussion. Yet even a modest tax on these enormous profits would provide substantial resources to start repairing the damage to the food system.

With the major actors rendered invisible – and in particular, the corporations and the financial investors who increasingly dictate how and what kind of food is planted, harvested, processed and marketed at what price, we’re left with an ‘action plan’ which tells the poor it will essentially be business as usual. What should have been an opportunity in Rome for governments to show their commitment to following through on their obligation under international law to protect and enforce the right to food was surrendered to the agrofood lobbies.

Help for developing countries with balance of payments problems arising from a massive food import deficit cannot solve the basic problem. What’s on offer at the WTO negotiations will only exacerbate global hunger, no matter how elaborately it’s wrapped in vague mumbling about ‘sustainability’.

Available at: <https://iuf.org/news/surrendering-to-hunger-at-the-fao/>

Concentration, Cartels and Free Trade Buccaneers

Published July 16, 2008

The European Commission raided agribusiness giants Cargill Inc and Bunge Ltd on Thursday in a sweep of traders and distributors of cereals and other agricultural products for human consumption and animal feed in two EU countries. The raids come at a time when grain prices have soared to record highs amid strong demand, production problems and the use of grain to produce biofuels that have lifted food prices. ‘The Commission has reason to believe that the companies concerned may have violated (EU) ... rules on cartels and restrictive business practices’, it said in a statement.

Reuters, July 11, 2008

Agriculture conglomerate Cargill said on Monday that its third-quarter profit rose 86 percent to \$1.03 billion on strong growth in its commodity sourcing and finance business. It said the largest profits came from its origination and processing segment, which processes and sells food commodities.

Associated Press, April 14, 2008

Increased trade offers a more stable and secure global food system. Trade promotes prosperity and prosperity promotes peace.

Cargill Vice-President Rich Torres speaking on May 23, 2008 at the All Candy Expo in Chicago

Cargill, the agrofood giant whose former Vice-President drafted the original text of the WTO's Agreement on Agriculture, has never shied from using its market position to manipulate prices up and down (often simultaneously) to extract maximum value at every point along the food chain while preaching the gospel of 'free trade'. So the recent EU raids on their European offices come as no surprise.

Cargill, after all, is the company which was suspended from the Chicago Board of Trade for cornering the maize market in 1937, and faced a similar situation with regard to wheat (1963) and soybeans (1973). In 2004, Cargill paid out USD 24 million to settle a class action lawsuit initiated by over a dozen major agrofood companies (few of them innocent of abusing their dominant position in their own markets) contesting global cartel arrangements to manipulate the multi-billion dollar world market in high fructose corn sweeteners.

In the 1970s, Cargill capitalized on extreme volatility in global wheat markets – volatility in part induced by its own operations – to ramp up its sales from \$2.2 billion in 1971 to \$28.5 billion over a mere ten years. The profits funded consolidation of its dominant trading/processing position, expansion into new sectors like meat and processed foods and development of the company's financial services network. In the second half of the 1990s, Cargill lobbied hard to knock out price support systems for US grain farmers, crushing many through oversupply and low prices while simultaneously cashing in on export subsidies to capture new markets abroad through dumping.

In 2004, Cargill sold its Brazilian orange juice processing operations to two companies, one of which, Cutrale, is now the global leader, providing concentrate for nearly a third of all orange juice consumed around the world. For over a decade, the Brazilian orange processing companies were prosecuted for conspiring to lower farmgate prices (and repeatedly violating Brazilian labour law). In 2007, US authorities began investigating alleged dumping of Brazilian orange juice concentrate imported into the US.

At every opportunity, Cargill and the other dominant traders and processors have used their market positions to profit from and even generate price volatility. Concentrated buying power allows them to raise and lower prices through systems of global arbitrage, formal and informal cartel arrangements and 'strategic partnerships' with other TNCs, political lobbying and a global trade and investment regime which reinforces their power over workers, farmers and consumers. The United Nations' FAO, in its World Commodity Review for 2007–2008, dryly expresses this in these words: 'The presence of [transnational corporations] may also result in a decrease in competitiveness with negative effects for consumers and domestic firms... a number of international food and

feed ingredient cartels were discovered during the 1996–2002 period, though illegal price-fixing had existed, in some cases, since the 1980s'. The former head of ADM, Dwayne Andreas, expressed it more forcefully (at a time when the company was also under investigation for fixing the price of high fructose corn syrup) when he said 'There isn't one grain of anything that is sold in the free market. Not one! The only place you see a free market is in the speeches of politicians'. Bunge, the other company targeted in the recent EU raids, boosted its 2008 first quarter profits by 77 percent on the backs of the enormous subsidies paid to the socially and environmentally devastating oilseed biodiesel industry. They also know a thing or two about the 'free trade' behind the recent quantum leap in the number of the world's hungry.

Politicians and lobbyists promoting the rapid completion of the WTO Doha 'development round' as the solution to world hunger are complicit in this matchless cynicism. The UN High Level Task Force on the Global Food Crisis is also promoting the Doha Round agenda as an essential ingredient in the recipe for eliminating hunger. The Task Force is seeking to define a function for strategic grain reserves without any reference to the power of the transnationals in swallowing, reconstituting, manipulating and trading these reserves in all their real and (through the financial markets) virtual forms. Implementing the full WTO agenda would extend still further the corporate grip on world food stocks.

Neither free trade nor free reign for the Cargills of the world will feed the planet. The solution to mass hunger begins with exposing, understanding and transforming the mechanisms of power which underpin the current global food system.

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Trading Away the Right to Food at the WTO

Published March 15, 2012

The only thing of note to happen at the December 15–17, 2011 WTO ministerial summit was the occasion it provided for WTO Director-General Pascal Lamy to attack the UN Special Rapporteur on the Right to Food, Olivier De Schutter. De Schutter's to the meeting called for fundamental changes in the WTO rules to give member states the room to meet their obligation to ensure the right to food. (The briefing note is available at: http://www.srfood.org/images/stories/pdf/otherdocuments/20111116_briefing_note_05_en.pdf). 'The WTO', wrote De Schutter, 'continues to pursue the outdated goal of increasing trade for its own sake rather than encouraging more trade only insofar as it increases human well-being. It therefore treats food security policies as an unwelcome deviation from this path'.

Lamy's response (erroneously titled a 'rebuttal' on the WTO website) demonstrates the truth of this criticism.

Lamy's defence of the organization he heads rests on three assertions. All three are entirely self-referential and contain not a single reference to the reality which is De Schutter's starting point, namely that the growth of world trade in agricultural products under the WTO regime has been accompanied by growing food insecurity, and that current world trade rules are part of the problem in so far as they limit developing countries' capacity to protect and promote domestic food production.

First, says Lamy, it cannot be true that the WTO rules violate the right to food, because the right to food is 'mentioned' and 'referenced' in the WTO Agreement on Agriculture (AoA). 'Governments', he states, 'have a sovereign right to pursue policies to achieve food security within their international obligations'. References and mentions, however, feed no one, nor do they respond to De Schutter's call to examine the real world impact of the rules this treaty imposes.

Governments, moreover, not only have a sovereign right to pursue policies promoting food security. Their international human rights commitments oblige them to pursue this policy objective, and to act concretely to ensure the progressive realization of this fundamental human right. That is the meaning of the right to food: it is a right which cannot be qualified, limited or subordinated with respect to 'other' (read 'commercial') international obligations.

Second, continues Lamy, it is false to assert that countries may have to limit excessive reliance on trade in agricultural products in order to meet their food rights commitments. The proof of this is that organizations including the IMF, World Bank, OECD, FAO and the WTO itself have said so.

If more proof is needed, Lamy reminds us that 'Indeed, our Members negotiate towards a more level playing field in agriculture in order to enhance their ability to achieve food security'. This proposition merely restates the problem De Schutter is probing, namely whether, in the real world, increased trade in agricultural products has translated into increased food security, and if not, what needs to be done.

Here is the world according to Lamy: 'With trade as part of a coherent macroeconomic and structural economic strategy, resources will tend towards an allocation based on comparative advantage, limiting inefficiencies. In response to an enhanced transmission of unbiased price signals competitive producers adjust their production and investment decisions. This supply response helps to mitigate price pressure, contributing to improved availability of affordable food'.

Lamy's stale rehash of free trade clichés can, with a bit of airbrushing, explain the 'comparative advantage' enjoyed by the giant traders and processors who dominate global trade in agricultural commodities. It cannot explain the increased unavailability of affordable food.

‘This may look like food security on paper’, says De Schutter in his response to Lamy, ‘but it is an approach that has failed spectacularly. The reality on the ground is that vulnerable populations are consigned to endemic hunger and poverty’.

By its very nature, the WTO cannot account for the social devastation unleashed by the current trade regime. Agriculture is viewed, not as a source of livelihood, but as a source of tradable commodities. WTO rules require that the real issues underpinning the food crisis be excluded from consideration. The questions raised again by De Schutter in his response to Lamy, ‘Who produces for whom, at what price, under which conditions, and with what economic, social and environmental repercussions’, are inadmissible under WTO rules.

Lamy’s doctrinaire reiteration of textbook formulas cannot recognize the existence of a massive social and environmental crisis, of which growing world hunger is a powerful expression. The word ‘hunger’ is in fact absent from his letter to De Schutter. He cannot explain why half of the world’s growing number of hungry people are food producers, because he cannot ask the question: why?

Lamy cannot explain why ‘efficient price allocation’ has saddled the least-developed food deficit countries with a 600 percent increase in their food-import bills over the life of the WTO. His only response to the FAO’s forecast of a record increase in developing countries’ cereal import bill over the coming year is to call for more of the same failed policies.

A look at the stated objectives as well as the fine print of the AoA bears this out, and takes us to Lamy’s third assertion, that the WTO does afford governments the policy space to pursue food security. Here, again, he only reinforces De Schutter. The ‘broad room’ for developing countries to pursue food security objectives exists only on papers produced by the WTO secretariat. He cites as an example the AoA Green Box (which defines allowable subsidies), but the Green Box was specifically created to enable ongoing subsidies to large producers flooding global markets with cheap imports. It is by nature incompatible with national programs to strengthen domestic production through regulation and protection. The strategic use of cereal reserves to cushion price volatility is, says Lamy, admissible, but only in the context of emergency food aid, not as an element of ‘trade distorting’ regulation. This leaves the giant commodity traders in command of the world’s food reserves – but of course WTO rules allow this.

De Schutter is not arguing ‘against’ trade, a proposition as absurd as it is meaningless, nor is he advocating total self-sufficiency in food production. He is calling for a re-examination, and a rewrite, of the trade and investment rules which have devastated many countries’ capacity to meet their current and future food needs through increased domestic production, leaving them acutely vulnerable to rising and increasingly volatile food prices.

De Schutter is right. Similar criticisms of the WTO's role in undermining food security have long been voiced by the IUF and many other critics of the world food system. What has clearly upset Lamy is that De Schutter, while an independent expert, is voicing his criticism from *within* the United Nations system. De Schutter has also forcefully highlighted the relevance of ILO Conventions and worker rights in advancing the right to food. 'The right to food is not a commodity, and we must stop treating it that way', writes De Schutter. The labour movement should speak up loudly and solidly in support of his work.

Available at: <https://iuf.org/news/trading-away-the-right-to-food-at-the-wto/>

Colombian Workers and Farmers Take On Global Neoliberalism

Published September 5, 2013

Free trade chickens have come home to roost in Colombia, where urban workers and trade unions are supporting the strike by hundreds of thousands of small farmers devastated by recent trade agreements with the US and other countries. The wave of strikes and demonstrations is not only the most significant social movement in decades in that country. It is currently the most broadly based challenge to the global neo-liberal project. At a moment when new trade and investment treaties like the Trans Pacific Partnership Agreement (TPPA) are being readied under conditions of strict secrecy, it has much to teach us. And it needs global support.

Poultry, dairy, rice, potato, coffee and other farm producers have been joined by other groups – truckers protesting high fuel prices, health workers struggling with privatization, miners protesting the giveaway of the country's mineral resources, teachers, each with their own demands but united in their support for the rural revolt. The national centre CUT and other unions have been crucial in mobilizing wide support.

The trade agreement with the United States, which went into effect last year, immediately abolished tariffs on 70 percent of agricultural imports and phases them out for remaining products. The predictable result has been a flood of cheap imports, many of them benefiting from direct and hidden subsidies. The impact on livelihoods has been immediate and severe.

The response by President Santos has been, first, to deny that the protests were taking place (while using violence against protestors), then to falsely blame the movement on the guerrillas. Repression escalated, and on August 25, police in Bogota arrested Hubert de Jesús Ballesteros Gómez, a member of the CUT Executive and one of the union leaders designated to negotiate with the government. He remains in detention. Santos then stated he was willing to

negotiate the movement's demands, on condition that the strikes and protests stopped. Finally, he agreed to negotiations based on alleged treaty safeguards, but the talks remain deadlocked.

Under the terms of the treaty, such safeguards don't exist.

The treaty specifically prohibits Colombia from using the variable tariffs formerly allowed, under which tariffs could rise as import prices declined. Temporary measures in response to sudden changes in the quantity of goods are permitted, but only on those imports which are not already subject to duty-free entry. Colombian producers have no defence against the price volatility which is destroying their livelihoods. Even the very limited agricultural safeguard mechanisms currently allowed under WTO rules are excluded from the US-Colombia treaty – a prime example of how successive trade and investment agreements layer on levels of restrictions to restrict national policy space and strengthen corporate power.

Price volatility is not the only element in this assault on food security and rural incomes. Financial speculation, soaring land prices and the government crackdown against 'unregistered' (i.e. unpatented) seeds are all part of the picture.

Trade unionists, peasant activists and civil liberties defenders continue to be murdered with impunity despite the 'safeguards' tacked on to the trade deals with the US and European Union. In July, Colombia's ambassador to the US resigned in connection with his alleged role in transferring land owned by smallholders to giant corporations through shell companies registered abroad. Among the companies involved were US-based Cargill, Riopaila Castilla, Colombia's largest sugar producer and a financial firm belonging to the billionaire owner of Colombia's largest newspaper, a close friend of President Santos. Undermining food security is a joint venture of Colombian and foreign investors.

Under the slogan 'We are all small farmers', the movement is demanding the trade agreements be renegotiated or scrapped. Unions around the world should support this demand – and integrate the lessons of Colombia into the struggle to defeat the TPPA and similar anti-democratic investment agreements.

Available at: <https://iuf.org/news/colombian-workers-and-farmers-take-on-global-neoliberalism/>

Part Four:

Fighting for Democracy

Free Trade Area of the Americas: A New Corporate Offensive

Published June 18, 2001

In 1998, attempts to push a Multilateral Agreement on Investment (MAI) through the OECD failed when the text of the hitherto secret document was made available on the internet. Confronted with a public backlash against this sweeping charter of global investor rights, several key governments withdrew their support from the project. Corporate appetites, however, are boundless, and the MAI has resurfaced in the proposed investment provisions of the Free Trade Area of the Americas (FTAA).

Before the tear gas had time to clear in Quebec City, where the April Summit of the Americas agreed to move towards a hemispheric 'free trade zone' by 2005, the report of the Negotiating Group on Investment – a corporate-dominated body operating in strict secrecy – was leaked by an NGO. The guidelines precisely follow the investment guarantees set out in the notorious Chapter 11 of the North American Free Trade Agreement (NAFTA), the inspiration behind the MAI.

NAFTA's Chapter 11 – the mother of all investment charters – expresses in concentrated form global capital's drive to free itself from all restrictions on the terms and conditions of cross-border investments. Chapter 11 sets out a series of investor 'rights' and protections culminating in the right of corporations to directly challenge the laws, regulations and practices of a signatory country if these impinge on the investor's ability to extract maximum profit. Under Chapter 11, it is illegal to impose local content, technology transfer, or profit repatriation requirements on investments. Investor-to-state lawsuits can be initiated by corporations demanding compensation for potential future loss of earnings (the corporation in such cases is deemed to be the victim of an act 'tantamount to expropriation'). The disputes are heard in closed tribunals staffed by arbitration 'experts'. Needless to say, the treaty provides for no reciprocal right of governments to take action against corporations for current or future social, economic or environmental damage.

The implications of Chapter 11 were spelled out when a NAFTA tribunal last year ordered the government of Mexico to pay USD 16.7 million to the US waste-disposal company Metalclad. The company had argued that the refusal of the state government of San Luis Potosi to authorize the reopening of a waste dump it operated was an act ‘tantamount to expropriation’. The site had been closed when a local citizens’ movement provided evidence that the facility posed a menace to local water supplies. Similar suits have seen governments willingly capitulate before the cases even reach the tribunal. The US Ethyl Corporation forced the government of Canada to reverse its ban on the nerve toxin MMT, a gasoline additive manufactured by the company. In the largest Chapter 11 suit to date, the Canadian Methanex corporation is suing the US government for USD 970 million over a California state regulation phasing out the use of a toxic Methanex-made fuel additive.

Under NAFTA’s investment provisions, investor ‘rights’ extend equally to the (formerly) public sector. United Parcel Service is suing the government of Canada for USD 160 million for... favouring its public postal service. Under FTAA, it is not inconceivable that an ‘education services’ corporation could one day take action against governments which ‘favour’ public education.

FTAA, which takes in all countries in the Caribbean, Central and South America with the exception of Cuba, would extend NAFTA’s destructive work to an entire hemisphere with a population of 800 million. The agreement locks signatory countries into an investment regime which is unprecedented in its scale and scope. The services proposals abolish all constraints on surrendering the public sector to corporate purchase. The proposed rules on intellectual property rights would reinforce corporate patent monopoly and encourage the patenting of life forms.

FTAA will bring with it more poverty, more unemployment, more environmental degradation, more GMOs and the accelerated destruction of public services. It will strengthen corporate power at the expense of democracy. And it will radically circumscribe our space to act in defence of our living standards, our working conditions, our environment and our rights as workers and citizens by stripping governments of their capacity to take regulatory action in the public interest.

No ‘side agreements’ and no ‘social clause’ could effectively diminish the impact of such a sweeping charter of corporate rights. FTAA poses a direct threat to the international labour movement, and labour must mobilize on a global scale to ensure its defeat.

Available at: <https://iuf.org/news/free-trade-area-of-the-americas-a-new-corporate-offensive/>

New Rules, Same Game at the WTO Services Negotiations

Published October 2, 2005

Europe has no more important offensive interest in the Doha Round than services.

[European Services Forum press release, Brussels, May 31, 2005]

There is agreement among all Governments that in the new round of negotiations the freedom to decide whether to liberalize any given service and the principle of progressive liberalization will be maintained. There is no obligation to make commitments under the GATS.

[From *GATS – Fact and Fiction*, a WTO brochure]

The General Agreement on Trade in Services (the GATS) is one of the pillars of the WTO, alongside the agreements on agriculture and intellectual property (TRIPS). The GATS creates a framework for forcing open a wide variety of services to foreign investors. Under the GATS rules, once a sector is open there is no turning back. Getting GATS moving is regarded as crucial for the current round of WTO negotiations. But the negotiations are bogged down, advancing so slowly that former WTO Director Supachai Panitchpakdi periodically lamented the lack of ‘more and better quality’ offers.

‘More offers’ means that more countries offer up more service sectors for the corporate auction block. ‘Better quality’ means that governments are expected to make committed offers that create additional access to their services markets over and above current access. ‘More and better quality’ offers means that governments renounce their right and their obligation to regulate services generally considered to belong to the sphere of public regulation, because they are essential for the public interest.

The negotiations have made little progress because to date they have been framed in a ‘voluntary’, ‘selective’ opt-in process. Under the current GATS rules, governments are required only to table particular services for opening up, and can ostensibly choose not to do so. Mali, for example, can open, say, water provision to EU-based transnationals, allowing them to operate under the same conditions as national companies. This is known as ‘non-discrimination’. This in turn gives transnationals based in Mali the right to invest in European water services should they choose to do so, thus creating a ‘level playing field’ for investors.

In the real world, of course, this ignores the many strong pressures that developing countries, nearly all of them heavily indebted, come under in their relations with the international financial institutions. Developing countries face the very real threat of losing access to global financial markets if they fail to radically reduce expenditure on public services like health and education and surrender their service markets to foreign investors. Complying with these demands, which

are generally accompanied by demands for further labour market deregulation, is known as 'good governance'. Good governance maintains the value of global investment portfolios and results in points being awarded by the World Bank's new rating index for 'business friendly' governments.

Given the disastrous experience with most service privatizations in both rich and poor countries, governments are increasingly wary of surrendering their services. Popular uprisings like the revolt against water privatization which brought Bolivia to the brink of civil war, or Argentina's standoff with the company that hijacked water provision in Buenos Aires, are not something most governments are willing to risk. The GATS negotiations therefore haven't yielded the desired results, pushing corporations and their lobby arms (like the European Services Forum) on the offensive, pushing governments in turn to take up the expanded corporate agenda in trade negotiations.

One manifestation has been the push for bilateral and regional trade agreements with extensive service liberalization provisions. These give investors what they haven't been able to get so far through the GATS. But a global agreement, through the WTO, remains the ultimate prize, because it establishes a binding global framework which in turn can be ratcheted up through new bilaterals. So the GATS process, with its negotiating guidelines already stacked in favour of investors, will have to be stretched in order to enhance the 'quality' of offers. This is called getting the 'development round' back on track.

An explicit change of the WTO rules, however, is a risky venture. It would require consensus agreement, a slow and cumbersome process for an institution which is already suffering a serious crisis of credibility. Hence the six proposals, from the EU initially – and then Japan, Australia, Korea, Taiwan and Switzerland – which have recently been submitted to the GATS negotiations.

These would abolish the bilateral 'request-offer' nature of the process, depriving WTO member states of the leeway to decide which service sectors, if any, they choose to open up, and at what pace, and replace them with broad mandatory requirements. The new name for this is 'benchmarking' or 'complementary approaches'. Benchmarking requirements would commit countries to simultaneously open up a minimum number of sectors and sub-sectors, and link this to the promise of further liberalization. Basic regulatory requirements – such as limits on foreign equity and distinctions between foreign and national service providers – could be radically reduced or eliminated.

Unions are already familiar with performance benchmarking at the workplace, the process by which corporations establish productivity standards and bring national and international units into competition to meet and surpass these requirements. The result is intensified competition between workers and downward competitive pressure on pay and working conditions.

An accelerated race to the bottom is now being imported into the services negotiations. Benchmarking at GATS means more competition to open more services to investors and more pressure to deregulate. It makes explicit what

critics have always pointed to as the end-goal of the GATS process: a free-for-all for transnational corporations.

Because of their ambitious reach, the GATS negotiations will have a far-reaching impact on society and the labour movement as a whole, including IUF members (see *The GATS Threat to Food and Agriculture* available at: <http://www.iufdocuments.org/www/documents/wto/GATS-e.pdf>) for an analysis of the impact on the food system. The IUF has therefore joined with other international unions, including Public Services International (PSI) and the International Metalworkers' Federation (IMF), and with civil society organizations mobilized around trade and investment issues, to expose and denounce these proposals. A common declaration has been sent to WTO chief Pascal Lamy and to the chair of the services negotiations calling for the clear rejection of benchmarking.

Service markets, like all markets, must be regulated by government in the public interest. The GATS, because it is comprehensive, seeks to radically diminish and even eliminate that role in all services, public and private. The process must be stopped now before it advances any further.

Available at: <https://iuf.org/news/new-rules-same-game-at-the-wto-services-negotiations/>

Challenging Impunity in Colombia

Published June 11, 2007

Scarcely a day passes in Colombia without new evidence linking paramilitary atrocities to the government of President Uribe. As new mass graves are exhumed, 'demobilized' paramilitaries protected by the government tell of rigorous, systematic training in cutting and disembowelling their victims. If the trail of command has yet to directly implicate Uribe, enough higher echelon officials have been identified to document a dense network of impunity headquartered in the presidency.

While government spokespeople inevitably portray Colombia's horrific violence as a national tragedy affecting all sectors of society, one group in particular has been a consistent target of the killers. Colombia's trade unions offer a model of social organization based on democratic solidarity in a society wracked by poverty, exclusion and violence. This alone is reason to draw fire from all sides in Colombia's many-sided civil war. The murder earlier this year of Carmen Cecilia Santana Romaña, a national officer of the rural workers' union SINTRAINAGRO, whose members harvest the Colombian bananas sold on supermarket shelves, brought to 435 the number of that union's members and officers who have been killed. Over 2,200 trade unionists were killed in the period 1991 to 2006. More trade unionists were killed in 2006 than in 2005, and in both

years the number of murdered trade unionists exceeded the combined total of that for all other countries in the world.

No more than a handful of these crimes were ever investigated; fewer still resulted in prosecutions, even fewer in convictions. In Colombia, impunity is a way of life.

The Human Rights Department of the national trade union centre, Central Unitaria de Trabajadores de Colombia (CUT), recently held the first-ever national meeting in support of the victims and surviving family members of the concentrated violence which has been directed against the country's trade union organizations.

Unless the rights of the victims are protected, warns the CUT, there will be neither peace, justice nor redress. The victims of anti-union violence must be clearly identified as such and 'the intellectual and material perpetrators' of all acts of violence systematically identified, investigated and prosecuted. The victims' families must be provided with 'comprehensive, equitable and effective reparations', stated the CUT, as well as full and effective protection, as a matter of national policy.

The CUT resolved to build a national network of labour and human rights groups in support of these basic demands, and to draw for their implementation on the support of the international trade union movement and the United Nations' International Labour Organization and the High Commissioner for Human Rights – the last two among the international bodies at which the Uribe government has consistently contemptuously ignored.

The Bush administration's Plan Colombia provides massive support to a military and security apparatus whose links to the paramilitaries are being freshly documented on a daily basis. Plan Colombia marries institutionalized impunity with aerial fumigation in a 'war on drugs' experienced by Colombian farmers and peasants as an indiscriminate assault on their land and livelihoods. Uribe's 'Justice and Peace Act' provides immunity to killers who've traded in their paramilitary fatigues for civilian gear. Neither Plan Colombia nor 'Justice and Peace' provide an escape route for Colombians weary of violence.

The CUT proposals, on the other hand, challenge and confront the impunity which underlies and supports the continuing carnage. They open the way for a broad mobilization against fear and institutionalized violence, and deserve the backing of all who support the long and difficult struggle for democracy in Colombia.

Available at: <https://iuf.org/news/challenging-impunity-in-colombia/>

December 18: International Migrants Day and Union Action

Published December 18

On December 18, 1990, the United Nations' General Assembly adopted the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families. The Migrant Workers Convention entered into force in 2003, becoming a binding international treaty. It is considered to be one of the core human rights instruments. Yet to date it has been ratified by only 37 UN member states – none of them major receiving countries for migrants, and none of them members of the OECD, the club of wealthy countries.

The Migrant Workers Convention remains a well-kept secret, and for good reason. Countries which ratify the Convention undertake to defend the full range of human rights and freedoms which migrants enjoy under international law, including Article 26, the right to freely join a trade union to defend their interests. Were the terms of the Convention respected, states would be required to act against the abuse and rampant exploitation which are the fate of many – indeed most – migrant workers.

The United Nations reckons that there are over 191 million international migrants, half of whom are migrant workers. Global production – including the IUF sectors – rests on their backs. Agriculture, hotels and restaurants, and many branches of food processing would collapse without their contributions. Despite the existence of an international treaty affirming their rights, however, migrant workers are trafficked, discriminated against, constrained to work under hazardous and debilitating conditions, locked in isolated, unhealthy and dangerous living quarters, enslaved as domestic workers, jailed and periodically interned in mass detention centres before being forcibly repatriated.

In some of the richest countries of the world, agricultural workers, who are overwhelmingly migrants, remain entirely outside the legal framework of industrial relations and social security. In the United States, the private equity owners of the fast food chain Burger King – the world's second largest restaurant chain – are seeking to wreck an agreement which would have seen growers pay an extra one US cent for every basket of tomatoes picked by 20,000 Florida migrant farmworkers. These workers, already working for poverty wages, have just seen their pay cut by 40 percent. The treatment of migrant workers is a basic indicator of the application and enforcement of human rights standards by each and every state. For unions internationally, the level of union organization of the migrant workforce should be regarded as a key indicator of the labour movement's overall health, bargaining strength and capacity for mobilization.

In December 2000, the United Nations declared December 18 to be International Migrants Day. Unions should celebrate this day by demanding that their governments finally ratify the Convention, but they need not wait for ratification to take action. Unions in many parts of the world are increasingly

active in organizing migrants, conscious that their own future depends in large measure on their success in organizing all workers, immigrant or native born, documented or undocumented.

In Korea, the national centre KCTU has supported the Migrants Trade Union in its struggle for rights and legal recognition. Three of that union's leaders have just been forcibly deported. The T&G section of Unite in the UK has launched a national mobilization for equality of treatment for agency and temporary workers in the meat industry, most of whom are migrants. Like the thousands of construction workers in Dubai who recently organized repeated mass strikes in reaction to degrading and inhuman conditions, migrants have led or participated actively in some of the most important labour struggles of recent years. Unions internationally can celebrate December 18, International Migrants Day, by supporting these struggles and by intensifying their efforts to organize the growing numbers of migrant workers in their home countries. Our common future depends on it.

Available at: <https://iuf.org/news/december-18-international-migrants-day-and-union-action/>

May Day 2012: Reclaim Politics, Occupy Everything!

Published April 27, 2012

Today, those who contest government policies which promote unemployment, inequality and the destruction of public services, are insistently and consistently told that these measures are necessary because 'the market' demands it. Politicians from left to right abdicate their public responsibilities with the excuse that they are only doing what the market wants. This of course conceals the truth that markets are thoroughly political constructions. From debtor prisons to colonial expropriation to modern corporate plunder, law (civil and commercial), 'dispute resolution' bodies and ultimately police and military power enforce market rules.

'The market' is elevated to a primeval, anonymous force, while at the same time it is attributed to have human qualities. Markets have 'sentiment'. Governments try to appease these sentiments by laying off public employees, closing schools and hospitals, privatizing pension funds and similar measures. It is curious that today the supposedly impersonal elements which constitute the market have never been more in evidence in all their individuality. Traders, bankers, investment advisers and CEOs proliferate on Facebook. They blog, tweet, speak at CSR events and issue buy, hold and sell advisories in ways which would have shocked their more retiring predecessors. Far-sighted spirits among them announce that their companies are now the vehicle for satisfying basic human needs (along with more esoteric consumer demands) because government has 'failed'.

Workers struggle with the consequences of an historically unprecedented transfer of wealth and resources into fewer and fewer hands while ideological enforcers decree that politics must not be allowed to interfere with the market – their market. So governments spend trillions to rescue financial institutions but refuse voting shares and a role in running the institutions bailed out with citizens' money.

We are told there is 'no alternative' to austerity at a time when corporations in the US, the Eurozone, the UK and Japan are sitting on an estimated cash pile of USD 7.75 trillion on their balance sheets (against a global GDP estimated at USD 60–65 trillion). The hoard continues to grow even as governments lower corporate taxes and slash minimum wages and public services.

Today's May Day demands remain what they have been since the labour movement declared the first of May to be *our* day – the day of the international working class – over a hundred years ago. We demand jobs, health, safe workplaces, food, water, education – a future for ourselves, our children and our planet. It is not only these, our rights, which are being stolen. Politics, a public good because it is the process through which citizens consciously organize their societies, is being privatized.

If we want our rights, we will have to re-appropriate politics as a vehicle for democratic action. The Occupy movement in the USA generated massive enthusiasm at home and abroad with a simple slogan 'We are the 99 percent' which pinpointed the consequences of privatizing politics. The Spanish general strike in March was held under the slogan 'They want to take away everything'. On May Day 2012, let us start to reclaim what has been stolen and Occupy Everything!

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Latin America's New Model Coup d'Etat

Published July 4, 2012

Less than a week before the third anniversary of the coup d'état which removed the elected President of Honduras, Paraguayan President Fernando Lugo was forced from the presidency in a similar 'parliamentary' coup. 'Honduras was the laboratory for what is happening here', Lugo told IUF Latin American Regional Secretary Gerardo Iglesias, who travelled to Asunción to show international solidarity with the democratic resistance. 'Now the techniques are being perfected in Paraguay.'

The 2009 Honduran coup was initially condemned by regional organizations and the United States alike. The coup was however quickly followed by the farcical election of a 'de facto' government; the initial wave of sanctions and condemnations soon yielded to retractions, acquiescence and recognition.

With democracy in shreds, Honduras entered a nightmare spiral of repression and widening poverty. Trade unionists, peasant activists and journalists have been murdered with impunity. In spite of this, democratic forces continue to resist.

Paraguay, like Honduras, is a desperately poor country marked by extremes of inequality. Land remains the key to wealth and power; a clash between landless peasants and security forces, under circumstances which remain to be elucidated, served as the pretext for the coup. The rural magnates who prospered under the long Stroessner dictatorship cling ferociously to their prerogatives.

The latest Latin American new model coup, in which the jackboots appear only after democratically leaders have been swiftly and quietly deposed, must not be succeeded by a 'de facto' government and creeping legitimization. All possible pressure must be maintained until Lugo is restored to office, accompanied by renewed pressure on the government of Honduras.

Available at: <https://iuf.org/news/latin-americas-new-model-coup-detat-must-not-be-allowed-to-succeed/>

Austerity Rewards Corporate Tax Evasion

Published November 19, 2012

While the European Commission, the European Central Bank and the IMF wrangle over precisely how many more Greek workers must lose their jobs and how much more public spending must be slashed in order to placate investors, some of Greece's largest companies are fleeing the country for tax havens abroad, compounding the squeeze on public revenue. Coca-Cola Hellenic Bottling Company (CCH), the country's largest publicly listed corporation and the second-largest bottler in the Coca-Cola system, announced on October 11 that it would leave Greece for tax-friendly Switzerland and a listing on the London Stock Exchange.

CEO Dimitris Lois told the *Financial Times* that 'In principle the Greek government will lose zero income'. In fact that is untrue – basic corporate tax rates are lower in Switzerland than in Greece, and multiple other reductions are available to transnationals, including the possibility of exemption from non-Swiss earnings. It is nonsense to claim that this will have no impact on the company's contribution to public revenue in Greece.

CCH, according to its annual shareholder report for 2011, booked 6.85 billion euros in revenue and paid 102.7 million euros in taxes. It can be assumed that CCH, which operates in 28 countries across Europe and Africa, already devotes

considerable ingenuity to whittling down its global tax bill through transfer pricing and careful routing of invoices. Tax charges as a percentage of its profits have been declining over the crisis years, but this hasn't stopped it from grumbling. So CCH shares are being traded for shares in a newly-created Swiss holding company and a change of domicile. One day before the CCH, announcement one of Greece's largest dairy companies, FAGE, announced that it was leaving Greece for Luxembourg, where it had installed a holding company of its own. 'This corporate restructuring builds on our Greek heritage while allowing us to compete more efficiently in international markets,' said the CEO. No question here of 'sharing the burden' of the country's torment. For tax purposes, the famous Greek yogurt is now made in Luxembourg.

Do we know the impact of the move on the company's Greek taxes? We don't, but we should, and that is the point.

Shortly after these major food companies quit Greece for still sunnier tax havens, journalist Kostas Vaxevanis was jailed and threatened with criminal prosecution for publishing the names of some 2000 wealthy Greeks with undeclared foreign bank accounts. That list, now known as 'the Lagarde list' because two years ago it was handed to the Greek government by then French finance minister Christine Lagarde (who now heads the IMF), is only a list of Greek clients of one bank, HSBC. It is but a small piece of the wider universe of tax evasion. As far as is known, the government of Greece has yet to act on this or other lists detailing the systematic removal of a huge piece of the national wealth from the country's tax base.

So while police attack Greek workers demonstrating against savage attacks on living standards, the elimination of collective bargaining and massive cuts in public services, and a journalist is jailed for exposing government collusion in tax evasion, hugely profitable companies are rewarded with a berth in the FTSE 100 and improved share prices for their contribution to reducing public revenue. This is corporate, not individual, tax evasion, and it is looting on a grand scale.

Unions and civil society groups contesting austerity should be highlighting the massive hypocrisy and injustice of an austerity regime which rewards massive corporate economic crime. For starters, we need a Lagarde list of our own. The sum of current and future losses to public finances arising when a Greek (or Spanish, or Portuguese) company changes domicile to reduce its tax bill should be automatically deducted from that portion of sovereign debt being administered by the troika. A continually updated list can then be presented to Christine Lagarde.

Available at: <https://iuf.org/news/austerity-rewards-corporate-tax-evasion/>

Nelson Mandela: Comrade and Brother

Published December 7, 2013

The IUF and its members around the world mourn the passing of Nelson Mandela, whose unbending struggle for freedom inspired millions around the world as well as in his own South Africa. To celebrate his life and achievements, and the achievements of those who fought with him and in solidarity with South Africa's liberation struggle, we remember Mandela as the great unifier, a role in which he was unmatched, but also as a great fighter, unbowed during 27 years of confinement. We recall the crucial importance of the struggle for independent trade unions in South Africa and their transformative role in the fight for the freedom of an entire nation, as well as the role of the international labour movement in giving support to that struggle over many years, a struggle which we made our own.

With his passing, Mandela again unites all those fighting for justice and dignity. But memories are short, and amnesia is a potent force. It is inevitable that tributes will pour out from those who supported and profited from the monstrous system of apartheid, and from those who would prefer to obscure the continuing legacy of that system. We cannot forget, and we need to ceaselessly recall, that the long struggle for democracy by South Africans dispossessed, exploited, humiliated and stripped of citizenship in their own country was an historic and inspiring victory for them and for all of us, but – as Mandela reminded us on his release from prison – the path to full emancipation remains before us. We best honour his memory by continuing his fight.

Available at: <https://iuf.org/news/nelson-mandela-comrade-and-brother/>

Why Tiananmen Matters

Published June 18, 2014

An estimated 180,000 citizens of Hong Kong took part in the June 4 public commemoration of the Tiananmen Square massacre, as always with the enthusiastic support and participation of the Hong Kong Confederation of Trade Unions, the only independent trade union in China. On the mainland, security police prepared for the date with a nationwide sweep of pre-emptive detentions and scrubbed the internet and social media clean of any references to the events of 25 years ago.

Why has June 4, which marks both the brutal suppression of a mass democracy movement and the re-emergence of independent worker action in China, been significantly downplayed, even forgotten, outside China?

The world's richest economies now depend on the Chinese government and companies to provide favourable returns to capital and a steady flood of cheap imported consumer goods to finance their own massive social failures. We can

expect – though we should not accept – this dependence to shape their policies towards a regime whose power rests on the massive denial of democratic and human rights. The labour movement has its own, fundamentally different principles, among them the principle of solidarity. Are unions acting in solidarity with workers' struggles in China?

Workers emerged as an independent self-organized force in the 1989 democracy movement with the formation of the Workers' Autonomous Federations, which mobilized workers to take part in the protests and organized pickets to defend the protesters in Tiananmen Square. 'We are the stalwarts of the democratic movement', proclaimed the Workers' Autonomous Federation in May 1989. Worker activists paid a heavy price for their involvement; some are still in prison and labour camps.

Much has changed in China since 1989; the regime's fundamental hostility to independent organizations of the working class has not. The All-China Federation of Trade Unions (ACFTU), now a familiar presence at international trade union gatherings, remains organically tied to the ruling Party.

Popular protest in China has never been so widespread. Workers – especially since the massive 2010 strikes in the auto industry – regularly engage in mass strikes and protests. Citizen initiatives are bravely challenging corruption, land grabs, and the monumental pollution and destruction which is the environmental price of the repression of democratic rights. The ACFTU's core role is to contain, not to challenge, this unrest. Workers who spontaneously act to defend their rights, and the rights of their class, find themselves on the wrong side of the law.

In May last year, Wu Guijun, a migrant worker employed for nine years at a furniture factory in Shenzhen, was arrested and held in detention while the police attempted to charge him with 'assembling a crowd to disturb social order'. In fact, workers at the factory had elected a group of representatives to negotiate with the employer in response to an apparent closure and production transfer to a factory in the interior. The workers approached the ACFTU for assistance; the ACFTU ignored them. The workers briefly struck and petitioned the city government to intervene. Their leaders, including Wu Guijun, were arrested.

The charges against Wu Guijun were only dropped on June 9, following a year in detention during which he was denied contact with his family. On several occasions, workers and labour rights supporters packed the courtroom hearings. The IUF organized an international solidarity campaign, mobilizing thousands of messages to the authorities. The ACFTU was silent.

Wu Guijun spent a year in police detention for defending the right to strike. Are some parts of the international trade union movement counting on the ACFTU – which in this year's elections to represent workers in the ILO governing body received the highest number of votes cast – to defend this and other basic rights against sustained employer assaults when they do not defend these rights at home?

China's enormous working class is engaging in mass collective action to define and defend its interests. This wave of struggle will ultimately generate

organizations to challenge the power structures which have so far succeeded in containing it. Our role is to give support and solidarity.

June 4 belongs to labour's shared heritage. China's rulers rely on amnesia as well as repression to enforce their rule. Will China's workers, now and in the future, view unions as 'stalwarts of the world's democratic movement', or as organizations tainted by engagement with an ACFTU that remains inherently part of the very machinery that brutally repressed courageous workers and students 25 years ago?

Available at: <https://iuf.org/news/why-tiananmen-matters/>



Part Five:

Climate Change, Worker Rights and the Path to a Low-carbon Agriculture

Paper presented to the IUF Executive Committee for discussion in May 2013

The devastating effects of climate change are already with us: extreme storms; droughts and rainfall; shifting vegetation patterns and soil erosion; accelerating loss of biodiversity; and climate-driven migration. Temperature change of one degree Celsius attributable to human activity has been sufficient to melt 80 percent of Arctic ice since 1980. Limiting the global increase to 4 degrees Celsius – an increase which would cause immeasurable damage – would require massive efforts which are nowhere in sight. Climate change experts now speak of an expected increase of 5–6 degrees Celsius.

Global temperatures are currently increasing 50 times faster than at any time in the human history of the last 11,000 years. Once set in motion, global warming feeds on itself, by limiting natural absorption of greenhouse gasses and releasing stores of methane and carbon dioxide. As the climate becomes more volatile and more precarious, so does food production, and with it livelihoods and work. Agricultural employment is immediately and directly impacted by the rising incidence of tropical storms, advancing soil erosion and desertification and floods. Reduced yields due to rising temperatures – already evident in certain areas of tea cultivation, for example – can have a devastating impact on the wages of agricultural workers already living on the physical margin.

The role of agriculture

The role of the food system in contributing to global warming has not been sufficiently emphasized or appreciated. Agriculture is becoming increasingly precarious as a direct consequence of the dominant production model, a model which is the driving force in pushing up global temperatures. While until recently much of the discussion on food and global warming focused on transport ('food miles'), the food system's largest contribution to greenhouse gas (GHG) production occurs *before* food leaves the farm gate.

According to the 2006 *Stern Review on the Economics of Climate Change*, agriculture and land use (principally agriculture and forestry) jointly account for 32 percent of GHG emissions – greater by far than any other single industry or sector. The Stern Review puts industry and transport at 14 percent each – and products for agriculture like fertilizers and pesticides fall under industry in this report. Other studies show similar results. *Factor in processing, transport, packaging, waste etc. and the food system is responsible for 40 to as much as 57 percent of all GHG.*

The root of the problem: Intensive monoculture

The force driving GHG emissions in agriculture is the expansion and intensification of high input, export-driven, fossil fuel-intensive monoculture production which externalizes costs, including the cost of climate change. Most of the deforestation which accounts for 18 percent of GHG emissions is linked to monoculture expansion, of which the expanded cultivation of soya in the Amazon basin and palm oil in Indonesia are but the best-known examples.

In addition to high levels of greenhouse gasses, this method of production accelerates the already rapid loss of biodiversity, which is the foundation of life and of food. It promotes the destruction of soil organic matter, leading to topsoil erosion, flooding and the exhaustion of ground water supplies. The more intensive monoculture expands, the greater is the food system's vulnerability to climatic and biological shocks. These shocks have their greatest impact on the poor and the hungry – over half of whom are food producers.

According to the Stern Review (Annex 7.g Emissions from the agriculture sector), 'Fertilisers are the largest single source (38 percent) of emissions from agriculture. Agricultural emissions are expected to rise almost 30 percent in the period to 2020.... Around half of the projected growth in emissions is expected to come from the use of fertiliser on agricultural soils'. Nitrous oxide is 296 times more potent a GHG than carbon dioxide.

Run-off from nitrogen fertilizers is one of the driving forces of the algae-promoting eutrophication which depletes water of oxygen and kills plant and animal species in fresh waters and coastal areas. Water death in turn contributes to global warming.

GM technology: A false solution

Pesticide manufacture alone accounts for up to 16 percent of the energy input into arable crops. As agrochemicals become more complex and more toxic in response to diminishing returns, the energy input in their production rises.

Claims that genetic modification (GM) technologies will lead to reduced agrochemical use are simply false. Increased cultivation of GM corn, soybean, and cotton crops patented for their 'pesticide/herbicide resistant' properties (like Monsanto's Roundup Ready soy and Bt corn) has *increased* the use of herbicides

and pesticides in absolute terms and per unit of land. An authoritative study published last year by Charles Benbrook, a research professor at the Center for Sustaining Agriculture and Natural Resources at Washington State University, showed that the rise of herbicide-resistant ‘superweeds’ was driving up herbicide applications by 25 percent annually in the United States. Insecticide applications are also on the rise as GM plants developed to be toxic to insects are accelerating the development of new species resistant to the patent-protected toxins.

Not only have various formulations of the agrochemicals like Monsanto’s glyphosate become more toxic in response to diminishing returns. There has been a gradual substitution of more GHG-emitting chemicals for lesser ones. Sulfuryl fluoride, for example, originally used as an anti-termite pesticide in indoor fumigation, has come into widespread use as a food fumigant in response to the phasing out of ozone- depleting methyl bromide. According to Dr Brian Hill, a scientist with the Pesticide Action Network, sulfuryl fluoride is 4,780 times more potent as a greenhouse gas than carbon dioxide. Its manufacturers are now promoting its use as a ‘soil sterilizing’ agent – whereas healthy agriculture depends on maximizing the organic content soil of soil!

Polyculture: The alternative to eating oil!

Because we are, in effect, eating oil, agriculture is trapped in the rising price curve of fossil fuel dependency. In 2007, for example, as oil went from USD 50 to 140 per barrel, the price of ammonia fertilizer for US farmers increased from USD 200 per ton to over 1,300.

The antidote to GHG-intensive monoculture is not an exotic or expensive technical fix or patent-protected remedy. It is well known: the proven, and necessary, alternative to monoculture is polyculture.

Sharp reductions in GHG emissions are immediately achievable through multicropping, mixed livestock/cereal production and rotational systems which use catch and cover crops to control pests, reducing GHG emissions with equivalent or higher yields. Sustainable low-intensity input techniques enrich soil organic matter, preserve biodiversity, conserve top soil and water – and with proper support can generate socially and environmentally sustainable rural employment.

According to the authoritative United Nations International Assessment of Agricultural Knowledge, Science and Technology for Sustainable Development (IAASTD):

Agroecosystems of even the poorest societies have the potential through ecological agriculture and IPM to meet or significantly exceed yields produced by conventional methods, reduce the demand for land conversion for agriculture, restore ecosystem services (particularly water), reduce the use of and need for synthetic fertilizers derived from fossil fuels, and the use of harsh insecticides and herbicides.’

The fight for sustainable agriculture is at the same time a fight to defend rural employment. In Brazil, each 8 hectares cultivated by small farmers using mixed cropping generates one job. Large-scale mechanized monocultures generate one job per 67 hectares. As agriculture steps up its reliance on fossil fuels to produce growing quantities of greenhouse gasses, the countryside is being emptied, its residents thrust into urban hyper-slums where work is scarce or non-existent.

The technical basis for a transition to environmentally sustainable food production with a reduced carbon footprint has long been known. It is available, accessible, and inexpensive. The barriers to change are social and political, not technology-based. These are the barriers erected by the lobbying and political power of the global agrofood TNCs, who are heavily and probably irrevocably invested in technologies and production methods which are accelerating global warming; a world trade regime which systematically reinforces their power through expanding control over global supply, processing and retail chains; an intellectual property regime which enforces dependency on high-intensity, high carbon, high GHG-producing inputs; unregulated global finance; the systematic destruction by governments and by the multilateral lending agencies (IFIs) of public interest research, support and extension services for sustainable food and agriculture; and unequal access to land, water and other vital resources.

The way forward: Organize, fight and win!

Halting and reversing global warming is about rights. IUF governing bodies have repeatedly called for a transition to organic agriculture, moving away from the high-input ingredients which poison food workers and food products. Governing body decisions have identified the threat to food security promoted by the WTO, regional/bilateral trade and investment treaties, the invasion of the food system by financial speculation and the growth of land grabbing. What has become increasingly apparent is that neo-liberalism, toxic agrochemicals, the destruction of rural livelihoods and the ongoing violation of agricultural workers basic rights are interrelated aspects of a food system which is the greatest single contributing factor to global warming. The more the earth warms, the more reliant the food system is becoming on the means which promote that warming, and the more volatile the system becomes.

There is nothing inevitable about this process. Building trade union power for agricultural workers can be a key tool for transforming agriculture from a major driver of GHG emissions to a source of resource conservation and food for all – provided we make the connections and organize around them. The most fundamental demands of agricultural workers – for a living wage, stable employment, for a safe living and working environment – already take us in the direction of sustainable agriculture. By organizing and winning their rights and pushing for a shift to sustainable, low-input, less fossil-fuel dependent systems of crop production agricultural workers can cool the planet.

The articles in this collection were published by the IUF between 2001 and 2015. All, in their way, are about building power: the workplace and political power workers need to defend their livelihoods, but also to fulfil the IUF's statutory mandate 'to ensure that the world's resources in food be utilized so as to serve the general interest'. The articles point to the indivisible connection between union power, safety at the workplace and safe food, as well as between the defence of democracy, trade union rights and the right to strike, within and beyond borders. They highlight the links between global hunger, corporate power and the need to confront and transform the trade and investment rules and treaties which lock in that power. And they stress the need for a coherent class response to the unleashed power of resurgent capital which is driving global inequality, hollowing out democracy and accelerating social and environmental degradation

