

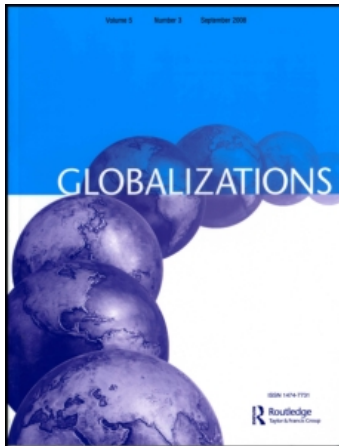
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The IFIs and Labour Reform in Post Communist Economies

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ABSTRACT *Since 1999 the International Financial Institutions (IFIs) have sought to revise their policy approach to encourage participation, facilitation and dialogue with civil society organisations and trade unions. This Post Washington Consensus has been applied in transformation economies, where the IFIs have established labour market reform as a pre-condition for loans and grants. Such labour reforms have been deleterious to the interests of collective labour, and a continued source of contestation between unions, government, and the IFIs. This paper examines the reality of the new consensus framework with particular reference to the former Yugoslavia. Evidence is drawn from documents of the IFIs and from interviews with representatives of key union federations in the region. The article assesses the evidence against alternative theoretical frameworks from within political economy and international relations, and concludes that consensus is illusory, leaving unions consulted but then ignored.*

Desde 1999 las Instituciones Financieras Internacionales (IFIs) buscaron la revisión del enfoque de sus políticas internas para reanimar la participación, facilitación y diálogo con las organizaciones de la sociedad civil y los sindicatos gremiales. Este Consenso Post Washington se ha aplicado a economías en transformación, en donde las IFIs han establecido una reforma de mercado laboral como un prerrequisito para préstamos y subvenciones. Tales reformas laborales han sido perjudiciales a los intereses de trabajo colectivo y una fuente continua de protesta entre los sindicatos, el gobierno y las IFIs. Este artículo examina la realidad del nuevo esquema del consenso con una referencia particular a la antigua Yugoslavia. Se ha extraído evidencia de documentos de las IFIs y de las entrevistas con representantes de las federaciones sindicales claves en la región. El artículo evalúa la evidencia contra los esquemas teóricos alternos dentro de la economía política y las relaciones internacionales, y concluye que el consenso es ilusorio, después de haber consultado a los sindicatos, pero luego dejándolos ignorados.

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自1999年以来,国际金融机构 (IFIs) 不断改革自身的政策路径,鼓励市民社会组织和工会的参与,方便同它们的联系以及沟通对话。这种后华盛顿共识—包括国际金融机构将推动劳动力市场改革作为贷款和拨款的先决条件—应用于转型经济体中。劳动改革损害了集体劳动的利益,并且成为工会、政府和国际金融机构持续争论的来源。本文特别考察了前南斯拉夫地区这种新的共识框架的真实情况。证据来源于国际金融机构的文件以及同这一地区主要工会代表的访谈。本文通过对证据的评估推翻了政治经济学以及国际关系学的理论框架,得出的结论是共识并不存在,工会虽被咨询意见但接着就会被忽略。

Keywords: International financial institutions, trade unions, Labour relations, post Communism

International financial institutions (IFIs) have played a crucial part in funding shortfalls of capital within regimes of weak internal capital formation. Low savings ratios combined with state and enterprise indebtedness has meant that such economies have needed loans and grants to create conditions for economic growth. However, the conditionality attached to support has been framed by the dominant IFI market based imperative. In this framework it is deemed necessary to clear the labour market of rigidities in order to encourage foreign direct investment and to ensure a positive environment for enterprise (World Bank, 2005a). Two-thirds of the World Bank's operations are linked to internal policy reforms, most of which shape the labour market, such as pension reform, labour code amendment, or public sector restructuring and pay (EBRD, 2004; World Bank, 2004a). This process has serious implications for labour relations. The dominant neoclassical model considers collective labour interest as a constraint to liberated labour markets (Hayek, 1980). Trade unions act as interest representatives to oppose labour market reforms that seek to liberalise protective labour codes. Unions will also use their associative power through the institutions of collective bargaining to raise the price of labour. As such it can be predicted that the power expressed by unions will prove an obstacle to reform, and the scene will be set for contestation of key aspects of conditionality, bringing collective labour into dispute not only with the IFIs but also their client states. The role of the IFIs has led Gradev (2001) to refer disparagingly to them in the case of transformation states as a 'fourth actor' in terms of their ability to shape the emerging industrial relations' systems.

While the relationship between organised labour and the IFIs over the recent past has been contested, from 1999 the policy approach of the IFIs shifted to a more consultative one contained in the 'Second Generation Reforms'.¹ The shift took place in the aftermath of the 1997 East Asian financial crash and is a response both to the global justice movement and internal IFI concern at the seeming failure of policies to counter poverty and economic inequality.² Such gathering unease with the IFIs has been exacerbated by claims that the IMF and World Bank are experiencing a crisis of confidence (Ambrose, 2007), fed not only by their inability to address poverty but also by problems of shrinking demands for services and a rise in alternative sources of funding from private investors as well as newly industrialising countries such as China and India. The Post Washington Consensus (PWC) model offers new direction by seeking to engage with civil society organisations, including trade unions, in efforts to build the perceived necessary social networks vital to democratic civil society (World Bank, 2005b). Central to this approach has been social capital theory. Fukuyama, for example, when addressing an IMF seminar on the reforms, suggested that 'the economic function of social capital is to reduce the transaction costs associated with formal coordination mechanisms like contracts, hierarchies, bureaucratic rules, and the like' (Fukuyama, 1999). The phraseology

suggests that the second generation of reforms is seen as a developmental tool set within a Weberian framework of state and organisational relationships.

There is interest in examining the reality of this shift as it may have affected employment relations in countries where the IFIs have influence. In order to do so this article seeks to explore the role of the IFIs within transforming economies with particular reference to the former Yugoslavia. The article first explores theoretical frameworks of the relationship between international finance, state strategy, and organised labour. Documentary policy evidence from the IFIs is reviewed, and case study evidence of the reality of contestation is presented. The article concludes by assessing the impact of the shift in IFI policy on the process of labour reform. The research method is not without difficulty, as much of the process of turning IFI agendas into policy is 'hidden' from view, subject as it is to social interaction among elites. The involvement of the IFIs is therefore examined through documentary evidence and chronological recording of outcomes. A review of state-led labour market reform is presented and finally the response from various trade union organisations, at both national and international affiliate level is recorded. The documentary data has been assembled from trade union and International Confederation of Trade Unions (ICFTU) documents,³ World Bank and IMF documents, and is supplemented by a series of interviews with trade union representatives and employers from within the region. Reference is also made to key labour market statistics.

Theoretical Frameworks

While the dominant perspective of policy elites has been neoliberal, critiques of such policy have been located either within a newly emerging framework of cosmopolitan social democracy or from a neo-Gramscian perspective. These alternative frameworks are presented below.

Neoclassical Endogenous Growth Theory

The IFI framework of economic development can be located in neoclassical endogenous growth theory (de la Dehesa, 2006, pp. 10–15). The theory prescribes that economic growth is possible in developing economies if labour market rigidities are cleared to give maximum incentive for entrepreneurship and financial risk-taking on behalf of enterprises (World Bank, 2005a). It is assumed that developing economies will converge towards developed ones through exploitation of comparative advantage and through imitation of best practice. An open economy is more likely to achieve best practice; hence, alongside deregulation of labour markets, state policy should include liberalisation of external tariffs and financial controls. In order to attract and retain foreign direct investment, the role of the state should be reduced from its former preoccupations, implying privatisation of formerly state owned functions, the marketisation of services, and low taxation. A convergence 'peak' is postulated to which all economies can then transpire through best practice initiatives (Forteza & Rama, 2001). Incremental advances in growth to reach this 'peak' may also be dependent on endogenous factors, such as skill enhancement and technical innovation (Romer, 1986). This assumes an emphasis on supply-side solutions and the gradual emergence of competitive, rather than comparative advantage in international trade. Such theory has been central to IFI policy and practice in both transformation economies and the former Yugoslavia. The IFI view of the region of South East Europe, for example, is encapsulated in the World Bank's Report (2004b) on *Building Market Institutions in South Eastern Europe* where it is stated:

Deregulation, decentralization of collective bargaining to firm-level dialogue, improved flexibility of dismissal procedures, simplified wage adjustment and overtime pay, and introduction of fixed-term contracts are some of the reforms being debated to improve the transparency and functioning of the labor institutions in the region. Such initiatives, as well as formalization of the gray economy, are key to fighting the unemployment problem in the SEE8.

The IFI approach is concretely expressed in the World Bank's intention to construct a new Global Architecture of Governance in line with former bank President James Wolfensohn's outline of a Comprehensive Development Framework (Wolfensohn, 1999). This promised a benchmarking of practices whereby IFI policy is encouraged in recipient (and donor) countries. The key areas of influence are summarised as follows. First is to encourage privatisation whereby participating and recipient countries sell off publicly owned utilities and services in order to reduce government expenditure and encourage efficiency in production. Followers of trade union strategy in transformation economies report that unions have welcomed privatisation, albeit with the necessary safety nets to look after those losing their jobs in the process (Pollert, 1999, 2000; Thirkell et al., 1998; Upchurch, 2006). The social cost of privatisation is a crucial area of concern for unions and one which they would be expected to seek to engage with in any process of social dialogue. Second, the IFIs have encouraged labour market flexibility with the aim of relaxing laws on dismissals; removing barriers to recruitment; downgrading national minimum wages by lowering, capping or decoupling the minimum wage from average wages; and eliminating limits on part-time working and working hours. An analysis of labour codes throughout the region has suggested that the former Yugoslav countries have 'relatively flexible regular employment legislation' but higher than average inflexibility with respect to temporary contracts (Micevska, 2004). All the former CEE countries and those of the former Yugoslavia are estimated to have more 'restrictive' labour laws than is the case in the EU (Forteza & Rama, 2001). A key policy focus has thus been government-led legislation to revise or rescind aspects of the labour codes in the region. Third, have been proposals to restructure and reform the public services by introducing user fees for services; means testing of social benefits; reducing the public sector wage bill by cutting jobs and/or restricting wage growth; and altering pay systems to merit based rather than seniority based pay. These proposals have had implications not only for public servants but also for a whole range of state (and trade union) functions. They have been accompanied by attempts to increase public sector transparency and reduce corruption, by reforming human resource management procedures and practices within public sector organisations. Fourth, has been pension reform, which involves system restructure with the net effect of reducing the value of pension payouts and/or increasing pension enactment age. This has proved to be a highly contentious area, especially in formerly state owned enterprises, which are either continuing to fail or have been recently privatised.

Cosmopolitan Democracy and the IFIs

The shift in IFI policy approach from 1999 is a reflection not only of the acknowledged failure of the IFIs to address poverty⁴ but also the gathering storm of 'Northern' global justice protests beginning in Birmingham in 1998. It followed on from the 1997 East Asian financial crash, which at one time threatened to severely damage Western based economies leading to sober reflection in the Washington-Treasury axis, especially with regard to the continued ability of the IFIs to finance reconstruction (Lavigne, 1999). In addressing this period the former 'insider' at the World Bank, Joseph Stiglitz, admonished the IFIs and pointed to their subservience to the economic

interests of creditors over that of recipients (Stiglitz, 2002). The implication being that the IFIs needed to be reformed to allow more transparency and democracy in their work.

The second *cosmopolitanised* (the 'Post-Washington' or 'augmented' Consensus) model addresses these problems directly. In this model the IFI–labour relationship acts in pluralist fashion, whereby conflict between labour and the IFIs is contained and resolved institutionally. It parallels wider moves within supranational institutions to debate policy options in joint forums with the International Labor Organisation (ILO), and in the construction of International Framework Agreements (IFAs) between employers, states, NGOs, and Global Union Federations (Hammer, 2005). Ackers (2002) and Ackers and Wilkinson (2003) identify globalisation as a redefining force and have offered a 'neo-pluralist' or 'new institutionalist' paradigm, which they argue is vital to develop if trade unions are to retain societal legitimacy through such processes as workplace partnership and social dialogue. This is significant in wider terms, as it raises further questions about the form and content of social dialogue frameworks within transformation states, and what, if any, role the IFIs might play in the process. There is indeed a deeper sense that the World Bank is prepared to engage with new theoretical paradigms emanating from within international relations of 'cosmopolitan social democracy' generated by global governance theorists, which call for more transparency, democracy, and social justice within IFI deliberations (e.g. Held, 2002, 2004; Woods, 2002). Citing Anthony Giddens the Bank refers to the development of:

... a more cosmopolitan form of society that acknowledges a newly emerging power structure where government, the market and civil society all need to be constrained in the interests of social solidarity and social justice. (World Bank, 2005b, p. 19)

However, the concept of cosmopolitanism spans across a range of socio-political alternatives. In its moderate formation 'Third Way' cosmopolitanism, or neo-pluralism, has been critiqued for accommodating to, and legitimising, neoliberalism (Callinicos, 2001). In its more progressive form the concept envisages a proactive civil society 'from below' whereby CSOs, including trade unions, would seek to form alliances against the hegemony of neoliberal restructuring in a counter-hegemonic project following a neo-Gramscian framework (Cox, 1999; Falk, 1998).

Neo-Gramscian Interpretation

Critical analyses would suggest that the hegemony of the IFI position is located structurally and ideologically. From a radical perspective Gowan (1995, 1999) suggests a 'Faustian' dominance of US military-industrial-political interest in policy formation, and Harvey (2003) alludes to the asset-stripping nature of the process as 'accumulation by dispossession'. Such critiques refer to the disciplining effect on labour that the IFIs have through conditions attached to Structural Adjustment Programmes and Millennium Development Goals. These views can be described as supporting a *dominant-subservient* model of the relationship between the IFIs and labour. A financial dominance results from a crisis of overproduction in the West whereby capital has shifted to less developed countries in an effort to revive international levels of profitability and capital accumulation (Brenner, 2002; Harvey, 2003). Labour is disciplined within this process as capital mobility increases whilst labour mobility is restrained within a world economy abounding with excess capacity (Mann, 2003). In other words, the potential structural power of collective labour is severely constrained by IFI policies, which act to create excess global labour supply.⁵ Gill (2000) argues that this disciplining of labour, reflected both in work intensification and a rising rate of exploitation, is nevertheless contradictory in that it

inspires new forms of labour resistance. Neoliberalism thus becomes highly contested and capable of mutation and realignment (Peck & Tickell, 2007). This resistance can be the root source of social movement type unionism of increasingly disenfranchised and dispossessed workers in both 'North' and 'South', who seek to go 'beyond the workplace' and even 'beyond the nation state' in an effort to respond to the pervasive societal effects of neoliberalism (Moody, 1997; Silver & Arrighi, 2001).

In addition to creating a base for the realities of shifting workplace power, the IFIs have been accused by those from a neo-Gramscian perspective of producing a new ideological dominance. It is suggested that there is a collusion of new values grouped under the neoliberal umbrella, which closes down space for dissent. This *pensée unique* is expressed in concrete form by the IFIs and the power that they wield over transforming states subjugated by their dependence on IFI support. Such subjugation poses a problem for resistance as it is argued to involve the creation of a new 'transnational class' (Van der Pijl, 1993, 1997), who are included in the globalisation process at the expense of those who might wish to take an oppositional stance. Within transformation states this new 'transnational class' might even be the old elite who have conveniently reformed their ideology in an attempt, as Hankiss (1990) and Haynes and Husan (2002) have argued, to 'step sideways' from command to market economy. The process has some sophistication. Woods (2006, p. 122), for example, in describing IFI involvement in Russia, refers to the search for 'sympathetic interlocuters' who might oil the country specific agendas of the IFIs. Of course, rather than being a unified transnational elite, individual state elites compete among themselves for a share of foreign direct investment (FDI) and other external investment funds, but this process of competition only has the effect of pushing them even further down the neoliberal road in a race to the bottom. Gramsci (referring to Italian fascism's absorption of American management techniques) described such a process as 'passive revolution' or *transformismo*, whereby a new order is created *from above* which crushes political or economic space for internal dissent and opposition (Gramsci, 1978; see also Cox, 1993; Morton, 2007). In other words, the IFIs might act not only as agents of Western economic dominance but also consolidate a new institutional architecture by ideological means. A new civil society is created 'from above', which accommodates itself to the imperatives of neoliberalism. This wide-ranging process of accommodation also has the capacity to infect alternative or competing social projects. Most tellingly social democracy may be profoundly affected, and mutates to what has been described as 'social liberalism' in the field of social and industrial policy. The previous accommodation between state, capital, and labour is tipped to the advantage of capital at the expense of labour and is accompanied by a withdrawal of the state from many of its previous welfare activities (Bourdieu, 1998; Deacon & Hulse, 1997; Jessop, 2002a). Some argue that this combination of ideological imposition, power in practice, and the consequent global institutional architecture consolidates a new dominance of finance based capitalism (Cammack, 2002; Moore, 2005; Soederberg, 2002). However, while the IFIs have created the new framework the net outcome is not merely in the interests of finance capital, but rather in the general economic and industrial interests of Western, particularly US-based industrial capital.

Emergent Evidence of the New IFI Approach

Evidence of the policy shift emerged from the decision on the part of the two major IFIs to declare poverty reduction to be their overarching goal at the Annual Meetings of the IMF and World Bank held in September 1999. Two subsequent key World Bank documents consolidate the new thinking.⁶ The first document emanated from the World Bank's Social Protection

Advisory Service as a discussion document in 2004 (Egulu, 2004). The paper, written by one of the ICFTU African representatives, focuses on the 'weaknesses and shortcomings which have limited the effective participation of trade unions' in the World Bank programmes and calls for '... more dialogue between the labour movement and the IFIs, strengthening trade unions, building union capacity and more analytical work on labor market policies and core labor standards' (Egulu, 2004, Executive Summary). The concern about lack of trade union involvement followed an evaluative document of the World Bank of countries in transition, which noted the positive effect that trade union lobbying had on limiting corporate corruption so that '... greater emphasis should be placed on building local constituencies—not merely entrepreneurs, but workers and reform-minded politicians as well—capable of demanding further policy reforms' (World Bank, 2004c, p. 20). Under the revised approach recipient states are required to draw up a *Poverty Reduction Strategy Paper* (PRSP) to identify targets for poverty reduction outcome indicators. This is then translated into a *Country Assistance Strategy* (CAS), which includes country political initiatives in return for financial assistance. This runs in parallel with changes in the IMF, where in the field of macro-economic fiscal and monetary adjustment the former *Enhanced Structural Adjustment Facility* (ESAF) is now called the *Poverty Reduction and Growth Facility* (PRGF). The new approach is now meant to have a wider rubric, inclusive of poverty reduction. The targets will become conditions to be assessed by the IFIs to determine the country's access to debt relief and loan support. In addition, the IFIs are anxious to encourage the involvement of both states and CSOs in drawing up the PRSP whereby both the IMF and World Bank stipulate that the PRSP is to be formulated by the borrowing government, rather than by the IFIs. The World Bank approach to 'civil society' has been clarified in a second key document that includes both NGOs and trade unions within a 'definition' of civil society organisations (World Bank, 2005b). The document states that the Bank's activities should include '*facilitation, dialogue and consultation, and partnership*' (Ibid., p. ix). The report is clearly a response from the Bank to the global justice movement to which the Bank gives recognition.⁷ Some NGOs, however, have questioned the sincerity of the new approach. The European Network on Debt and Development, for example, after conducting a survey of PRSPs, found that while they do focus on safety net provision the macro-economic policy remains indistinguishable from the previous era.⁸ Öniş and Şenses have similarly argued: 'The Post Washington Consensus represents a response by the dominant establishment to the deficiencies of the neoliberal agenda and an attempt by them to overcome such deficiencies through a set of reforms that takes the existing structures of power as given' (2005, p. 285). Observers have criticised the degree of participation with civil society as 'little more than consultations with a few prominent and liberal CSOs' (Bello & Guttal, 2005, p. 6). Rodrik refers to the 'augmented' Washington Consensus in these terms:

The trouble with the Augmented Washington Consensus is that it is an impossibly broad, undifferentiated agenda of institutional reform. It is too insensitive to local context and needs. It does not correspond to the empirical reality of how development really takes place. It describes what 'advanced' economies look like, rather than proscribing a practical, feasible path of getting there. In short, the Augmented Washington Consensus is infeasible, inappropriate, and irrelevant. (2002, p. 1)

The question then arises as to what degree has the new model of the IFI refined or advanced its role as a 'fourth actor' in labour relations? Is there real change from which trade unions and labour interests can seek to improve their position, or is the IFI strategy merely a cosmetic 'flanking mechanism' (Jessop, 2002b) designed to incorporate and institutionalise worker opposition

within civil society? The following section seeks to address these questions by reference to the actuality of IFI activity in selected cases from the former Yugoslavia.

Initial evidence from the ICFTU suggests that the new participatory approach of the IFIs has had little impact on trade union efforts to moderate or change intended labour market reform. A Statement issued by the ICFTU and the Global Unions' Federations (GUFs) in 2005 claims that 'Although the IFIs frequently proclaim that the "Washington Consensus" of the 1980s and 1990s is dead, classic structural adjustment conditions continue to be attached to the HIPC (Heavily Indebted Poor Countries) programme and many IFI loans'.⁹ Giving the examples of highly indebted countries such as Zambia and Uganda the Report found that 'In a recent survey of Poverty Reduction Support Credit (PRSC) loans granted by the World Bank to thirteen low-income countries, the European Network on Debt and Development found that in eleven out of the thirteen cases the Bank imposed privatization conditions. In some cases, the PRSC conditions contradicted policies adopted in government-prepared Poverty Reduction Strategy Papers (PRSP)'. It is not only highly indebted countries that appear to be suffering from continued neoliberal prescriptions. The same Global Unions report concludes that in Turkey in May 2005, 'the IMF approved a new \$10 billion loan which included 29 new financial and structural conditions, including the generation of a sizeable primary fiscal surplus, privatization of \$1.5 billion worth of state-owned assets within eight months, placing strict controls on public sector hiring, undertaking a review of civil service wages, and adopting new pension and social security reform legislation. The IMF also called for "improved labour market flexibility"' (IMF, 2005a). Additionally, an ICFTU Survey of unions in the CEE and Newly Independent States (NIS) of the former Soviet Union in 2001–2003 found that the IFIs do not operate 'in an open, accountable, transparent way' and that 'although a certain level of participation of trade unions . . . was achieved in the last three year period . . . there is still a lack of consultative mechanisms' (ICFTU 2003, p. 7). Such IFI intransigence is located in the dominant influence of the World Bank's *Doing Business* framework approach. The prescriptions emanating from successive *Doing Business* reports state that 'rigid' labour markets impede market competition. These messages pervade the World Bank's *Doing Business* rankings whereby content analysis is utilised to assess input indicators of labour market rigidity and barriers to entrepreneurialism.¹⁰ As expected the indicators for 'hiring and firing' place labour protection as a negative source of business efficiency and provoke hostile responses from trade union federations on a national and international basis. It has led the ICFTU's director to demand 'that the whole topic of labour regulations should be removed from the purview of the *Doing Business* report' particularly as:

Doing Business has been used to push countries to bypass tripartite consultation mechanisms for reforming labour laws and, despite the publication's implicit endorsement of the core labour standards, has been used to encourage countries to eliminate measures which have been put in place to implement core labour standards, such as programmes to end discriminatory practices. (Bakvis, 2006)

The Former Yugoslavia

The former Yugoslavia provides an ideal laboratory to explore the role and influence of the IFIs on industrial and labour relations. Yugoslavia developed significant external debt commitments in the 1980s, and the IMF had been active in enforcing conditionality on Yugoslavia in return for continued financial lifelines. In 1989 this conditionality, agreed with the Belgrade *nomenklatura*, included wage freezes, cuts in government spending, and the elimination of socially owned, worker-managed companies. Chossudovsky (1997) observes that the ensuing social tensions, combined with the forced inability of Belgrade to continue to finance provincial

social welfare programmes, was a key factor in the secessionist breakaway by Slovenia and the ensuing civil wars.

After the wars the newly formed states were quickly reintegrated into the international financial community by becoming new members of IFIs and associated organisations such as the IMF, World Bank, European Bank for Reconstruction and Development (EBRD), and the WTO. However, the 'internal' market of Yugoslavia was fractured as a result of the wars, and in one state, Serbia and Montenegro, the period of UN sanctions and NATO bombing had further depressed the economy. The need for external financing to rebuild the shattered economies of the region was paramount, and reliance on the IFIs to help provide this funding was to the fore.

Arandarenko (2004, p. 49) has argued that the IFI agenda had imposed itself in the Western Balkans (including the former Yugoslavia) not because of the terms of conditionality, but because: 'In terms of articulation and elaboration—not necessarily in terms of content and prescriptions—the World Bank's agenda is simply superior to others. World Bank messages are simple ... and easily translated into workable action programmes'. Such an interpretation may be overly simplistic and too reliant on a form of social capital reductionism. In a more sober analysis, Woods (2006, p. 63) has placed emphasis on IFI 'groupthink' in which 'faith-based blindness' and reliance on a 'template' leads to ignorance of local sensitivities and, more importantly, possible mistakes in the message. Greater forces of political economy are at work, which provide an explanation of IFI dominance. Considerable variation exists in the labour markets of the new countries of the former Yugoslavia, which have already been identified by Arandarenko (2004). As can be seen in Table 1, levels of gross national income (GNI) per capita vary enormously across the region, with Slovenia the richest nation and BiH the poorest (closely followed by Macedonia). Across most of the region (apart from Slovenia) industrial production has struggled to reach the levels of the pre-conflict period, unemployment is high and the informal economy has burgeoned. Comparing 2003 with 1989, real gross industrial output in BiH (excluding Republika Srpska) fell by 86.5%, by 48.3% in Croatia, by 61.2% in Serbia and Montenegro, and by 54.5% in Macedonia (UNECE Common Database). Within the same countries total employment fell over the same period by 39.6% in BiH, by 26.7% in Croatia, by 21.9% in Serbia and Montenegro, and by 48.2% in Macedonia. This decline of production and employment is a typical feature of most transformation states in the CEE and NIS (Rainnie et al., 2002). However, the degree of decline has been worse in the former Yugoslavia as it has been accompanied by the debt overhang, making possibilities for internally led and funded regeneration more remote, and reliance on either FDI or IFI finance more important. Total external financial support for the whole South East Europe region (former Yugoslavia plus Romania, Albania and Bulgaria) amounts to approximately 6.5 billion Euros in each year since 2000 with a notable shift in funding away from bilateral sources (including the EU) towards the IFIs. In 2005 it was estimated that the IFIs would provide 60% of all loans and grants, compared to 40% in 2000. There has also been a shift to loan rather than grant funding over the same period (Office for South East Europe, 2005). As well as loans and grants from 'official sources' funding has been sought from private investors. Not to be forgotten as an additional source of inward income is workers' remittances from abroad, which, as Table 1 indicates for some countries (e.g. BiH and Serbia and Montenegro) outstrip both FDI and official loans and grants in total value. All of the countries concerned have engaged in variable forms and processes of social dialogue between unions, governments, and employers with varying degrees of success and failure (with the greatest claimed 'success' in Slovenia). The process of social dialogue has been encouraged both by entry into the International Labour Organisation and its Recommendation No. 113, and

Table 1. Selected economic indicators, Western Balkans

	EU EuroZone	Bosnia and Herzegovina	Croatia	Macedonia, FYR	Serbia and Montenegro ¹	Slovenia
	(2001)	(2001)	(2001)	(2001)	(2001)	(2001)
	2005	2005	2005	2005	2005	2005
Population, total million	(306)	(3.9)	(4.4)	(2.0)	(8.1)	(1.9)
	314	3.9	4.4	2.0	8.0	2.0
GDP (current US\$ billion)		(5.4)	(19.8)	(3.4)	(11.6)	(19.8)
		9.9	38.5	5.8	26.2	34.4
GDP growth (annual %)	(2)	(4)	(4)	(-5)	(5)	(3)
	1	5	4	4	5	4
GNI per capita, Atlas method (current US\$)	(21,227)	(1,480)	(4,390)	(1,710)	(1,290)	(10,410)
	32,098	2,700	8,290	2,830	3,330	17,440
Unemployment (%)²		45.5	12.7	37.2	31.6	6.1
High-technology exports (% of manufactured exports)	(17)	n/a	(10)	(1)	n/a	(5)
	16	n/a	12	1	n/a	5
Foreign direct investment, net inflows (current US\$ billion)		(0.1)	(1.3)	(0.4)	(0.2)	(0.5)
		0.3	1.8	1.0	1.5	0.5
Official development assistance and official aid (current US\$ bn)		(0.64)	(0.11)	(0.25)	(1.3)	(0.13)
		0.55	0.13	0.23	1.1	n/a
Long-term debt (current US\$ billion)		(2.5)	(12.0)	(1.3)	(6.8)	n/a
		4.4	25.8	2.1	13.2	n/a
Workers received remittances (US\$ billion 2005)		1.8	1.2	0.2	4.7	0.2
Internet users (per 1,000 people)	(279)	(12)	(117)	(35)	(74)	(301)
	439	206	327	79	n/a	545
Gini Coefficient for Income (1998 and 2006)³	USA (for comparison)	n/a	(29.0)	n/a	n/a	(28.4)
	40.8 (2006)	26.2	29.0	39.0	n/a	28.4

Notes: 1. Excluding Kosovo. 2. Unemployment rates are official figures, actual unemployment may be less due to presence of informal/grey economy. 3. The higher the coefficient then the greater the income inequality.

Sources: World Bank, 2006. *World Development Indicators*, 2006; UNDP *Human Development Reports* 2001, 2006.

by pressure from the European Union, either as a precursor for possible entry into the EU, or as part of the EU's Stability Pact for South Eastern Europe and its 'Initiative for Social Cohesion'.¹¹ Đurić (2002) provides a comprehensive review of developments in social dialogue in the region, stressing both the weakness of the process but also its potential importance in developing new 'civil society' within a post conflict and post Communist arena.

Reducing Labour Protection

Government measures to introduce changes to labour codes, including protective arrangements for dismissed workers have been a central feature in the transformation economies, including those of the former Yugoslavia. Examples gathered from documents of ICFTU¹² and from interviews with trade union representatives in the region, illustrate the difficulties where changed legislation has been contested by the unions with indirect or direct interference from the IFIs.

Croatia's first post-independence labour law was passed in 1996 and amended in 2001, guaranteeing the right to strike after unions have gone through dispute arbitration. However, new government proposals to change the labour law in Croatia flowed directly from a five-point reform programme announced by the World Bank in December 2001. The new law was proposed outside of the existing tripartite consultative structures and without any discussion or contact between the IFIs and the trade unions. It included reduced job security rights, reduced protection against dismissal, reduction of severance pay and elimination of tripartite negotiations for the minimum wage. Initial strikes against the proposals began in 2002 involving telecomm and postal employees, and health service employees. The proposals later provoked a joint union protest of the five union federations outside the Parliament buildings in Zagreb in February 2003 and a threatened general strike but also led to a direct approach from Guy Ryder, ICFTU General Secretary, to the World Bank President James Wolfensohn in an unsuccessful effort to rescind the proposed law. The regional director of the Bank in Croatia had claimed in an article published in the Zagreb press that 'within the EU the countries with the most flexible labour legislation had had the highest growth rates, while those with labour policies that provide for workers' protection are among countries with the lowest growth rates'.¹³ The director subsequently met with the leader of the SSSH union federation (Union of Autonomous Unions of Croatia) where the argument that labour flexibility was good for growth was repeated by the director. The IFI position was paralleled by the government after Deputy Prime Minister Goran Granić's statement that the current labour law was one of the main obstacles to having more foreign investment. Under threats of further union action against the labour reforms the government backed down and opened negotiations with the unions leading to a watering down of the original proposals in the Bill. IFI involvement in drafting the new Bill has always been denied by the IFIs themselves. Evelin Toth Mucciacciaro, director of international affairs at the Union of Autonomous Trade Unions of Croatia, however, claims that the IFIs always claim 'that changing the Labour Law was exclusively the desire of the Government' (cited in ICFTU, 2006). More direct inference of IFI involvement is provided by Jasna Petrovic, the editor in chief of the ICFTU's CEE Network Bulletin who claimed in an article in 2002 that the World Bank had used an 'American democratic foundation' to 'finance the assignation of a labour "expert"' to the Croatian government's Office for Social Dialogue, where his first job was 'to organise a meeting on amendments on labour legislation with arguments of Europeanisation and standardisation'.¹⁴ Evidence of IFI policy can also be gathered from IMF documents urging the Croatian government to give priority to pension and health sector reform and to 'create appropriate regulatory frameworks' for privatisation as well as 'economy-wide wage restraint'

(IMF, 2001). In a document associated with a US\$202 million structural adjustment loan the World Bank in its 2003 *Country Economic Memorandum* also suggested the need for labour market liberalisation to lower the cost of individual dismissals and lower severance payments, and, more pertinently, to 'decentralise and deregulate industrial relations' and to 'move away from industry level bargaining toward firm level bargaining' (World Bank, 2003).

As a potential way out of the economic crisis following the wars in *Serbia*, the government has been keen to co-operate with the triad of IFIs by both renewing its membership of the IMF in December 2000 and rejoining the World Bank and the European Bank for Reconstruction and Development (EBRD). A World Bank-European Commission sponsored Donors' Conference held in June 2001 raised \$1.3 billion for economic restructuring. Two-thirds of the country's \$4.4 billion Paris Club debt was written off in an agreement concluded in November 2001. Despite this write-off Serbia's total debt remains considerable at US\$18 billion compared with a GNP of 10.5 billion. Ten billion of the debt is private, mostly to private banks. Further tranches of money have been loaned as reform programmes have been enacted. Progress with the IFIs remains difficult, however, because of the unresolved question of internal identification of alleged 'war criminals' to the Hague Court. The entry into the international financial community has not been without its price. The key focus of dispute between the unions and the state in Serbia has been the implementation of the 2001 Labour Law, and the associated rights to representation and to strike. The right to strike is recognised, although restricted for those in 'essential services' who must give at least 15 days warning of a strike. The new law also makes it much easier to dismiss workers, in line with efforts to remove labour market 'rigidities'. The 2001 law was constructed within a framework of social dialogue in so far that the trade union federations were informed of the nature of the new legislation in its draft form. However, both the main union federations, Nezavisnost and SSSS (Confederation of Trade Unions of Serbia), complained of ineffective consultation mechanisms and felt the need to resort to open protests and strikes against the law. Both the World Bank and IMF had been active in drafting changes to the proposed legislation before it was issued to the unions and when it was finally relayed to the unions by the labour minister he claimed it as 'very good law' because it would provide 'a friendly environment for investment'.¹⁵ Slavko Lukovic, the general secretary of Nezavisnost,¹⁶ stated that the unions were not told of the World Bank's involvement officially, but learnt of the changes by 'visiting the Bank's website'.¹⁷ Commenting favourably on the new Law the EBRD stated 'The new labour law that came into force in December 2001 is very free-market oriented . . . The most important feature is that, in comparison with the previous labour legislation, the new law is more liberal regarding employment procedures and termination of employment, thus giving more flexibility to employers. It eliminated those features that were viewed as overly protective for workers and highly restrictive for managerial functions' (EBRD, 2004, p. 15). The ILO had also made 170 observations on the new law of which less than 10% were accepted, further fuelling the suspicions and anxieties of the unions. The neoliberal intent of the 2001 Labour Law, and the ineffectiveness from the union standpoint of the process of social dialogue, appears to have confirmed the weakness of social dialogue as a vehicle for progress by the unions. In May 2004, however, the new government made a move to strengthen the formal structures of social dialogue by introducing a draft law for a revamped Social and Economic Council to include representatives from the government, employers' organisations, and the three union federations. Key union demands are the removal of a clause in the existing law stipulating the need to gain the enterprise director's written approval before any claim for representativeness can be lodged. The difficulties surrounding conditionality, particularly the IMF insistence on fiscal tightness, are a probable reason for the decision of the

Serbian government to pay off its debts to the IMF in April 2007. Analysts predict the likelihood of Serbia seeking loans instead from the private sector (Bozinovich, 2007).

The State of *Bosnia and Herzegovina* (BiH, generally referred to here as Bosnia) represents a complicated dynamic of change and development. The state remains divided into the two entities of the Federation of Bosnia and Herzegovina, and the majority Bosnian Serb Republika Srpska, plus the internationally supervised Brcko Distrikt. Whilst it is a sovereign state control also rests with the Office of the High Representative (OHR) until recently led by the British Liberal Democrat politician Paddy Ashdown. Bosnia joined the IMF in 1992 and the World Bank in 1993 from which it began receiving loans in 1996. Originally classified by the Bank as a post-conflict nation, it has since July 2004 has been reclassified as a transition country. The unstable nature of the country resulting from the wars has meant the country is subject to considerable NGO activity as well as substantial assistance from the US government under the USAID programme. In fact USAID is by far the largest financial donor, and exercises considerable influence as a result, both by building infrastructure and encouraging 'institution building'. Bosnia receives the lowest proportion of FDI per capita in the region, and so is particularly dependent on IFI support. Bosnia has so far received eight World Bank adjustment loans and is subject to 43 investment projects totalling more than one billion US dollars. In addition Bosnia has loans still outstanding to the IMF of \$99 million, which are subject to conditions to reform the credit and banking system. Both the IMF and the World Bank have also sought to reform the labour market. In its most recent document relating to Bosnia the IMF Directors refer to the need for:

... labor market institutions. . . to be transformed to encourage job creation during and after the corporate reforms. In this context, regulations allowing the indefinite accrual of wage rights, regardless of attendance for work, should be rationalized, and restrictions on the dismissal of workers relaxed. Directors were of the view that wage indexation should also cease, so as to moderate wage growth and engender a better balance between wage and employment growth. (IMF, 2005b)

The country is subject to a 2004–2007 CAS under the new World Bank approach, and hence 'ownership' of Bosnia's associated PRSP is that of the government (rather than the Bank). In developing the PRSP it should now be expected that the Bank's new rubric of '*facilitation, dialogue and consultation, and partnership*' should be observed. The actual process of drafting the PRSP, published in 2004,¹⁸ did involve consultations with NGOs and government related agencies. Some doubts have been expressed as to the value of the consultation process. For example, a report by the *Save the Children* states that it believes '... the BiH PRSP was written by consultants and is being withheld from public view'.¹⁹ A report prepared for the UK government Department for International Development (DFID) also refers to European Union 'concern at the (Washington-driven) proposed timetable . . . that would result in a poor quality PRSP which donors could not coordinate' (Coyle & Evans, 2003). As far as the trade unions were concerned consultation meetings began in April 2002 when trade union representatives were consulted by the Ministry of Foreign Trade and Economic Relations. A number of further meetings with unions took place on a bilateral level before World Bank officials agreed to meet leaders of the three union federations (from the Federation, Republika, and Distrikt). At this meeting, on any contentious issue, the unions were told to 'Go to your Government and discuss this'.²⁰ This marked a change from when they had previously met the Bank to discuss the drafting of the 1999 Labour Law, when according to the Regional Officer of the ICFTU in Sarajevo—'World Bank representatives would leave the room and phone Washington to see if the proposals were acceptable!' The first draft of the PRSP contained a chapter on labour

market issues, including the intention to 'ease minimum wage requirements and abolish the seniority salary supplement'. Despite union objections the final version, issued in April 2004, contained the following statement:

In the coming period, all levels of government in BiH will be required to drastically reduce public expenditures and particularly public sector wages. In this context, and in order to reduce existing wage system anomalies, it will be necessary to gradually reduce such benefits as hot meals, vacation subsidies and, at later stage, to eliminate compensation for past labor.²¹

The three unions subsequently submitted a document commenting on the PRSP in April 2005 in which they outlined the case for continuing privatisation, process transparency, adequate social protection, and workers' rights.²² Outwith the PRSP, disputes over other substantive issues remain unresolved. The unions fell into dispute with the government over labour standards and called a joint protest demonstration outside government buildings in Sarajevo over the introduction of the 2004 Law on Bankruptcy and Liquidation, which reduced severance payments and job continuity rights. Most importantly, recent government proposals to 'de-couple' the minimum wage from average earnings reflect the wider agenda on labour market reform proposed by the IMF.

Trade unions in *Macedonia* found themselves in dispute with their government in 2001/2002 over planned changes to the law on severance payments for workers made redundant from loss-making ventures. The union federation calling the dispute, the Federation of Trade Unions of Macedonia (SSSM), claimed that the old regulations had been ignored in a number of cases under direct pressure from the IMF. The SSSM met with government officials in January 2002 and called for direct negotiations with the IMF on the disputed payments and followed this request with a series of road blockades in the Skopje region led by workers from a number of local factories. The old legislation allowed older workers with over 25 years of service to receive special protection, the payment of due wages and contributions, as well as more extensive rights for the unemployed. SSSM immediately launched initiatives for amendments to the relevant legislative provisions. Following the protests and blockades, another meeting was held with government representatives but no progress on the issue of severance or on the meeting with IMF representatives was achieved. The SSSM then sought a meeting with representatives of the loss-making companies and announced a series of new protests. As with Serbia, the government of Macedonia decided to pay off its debt to the IMF in 2007.

A similar protest was instigated by the trade union federation Confederation of Independent Trade Unions of Montenegro (SSSCG) in *Montenegro* over the drafting of a new Labour Law. The first draft had been agreed between the unions, the government and employers in 2001 and had got to the Montenegrin Parliament for final approval and legislative action. However, progress on the new Parliamentary Bill was halted when the government claimed that it did not comply with various ILO standards. The Bill was then redrafted to include new clauses encouraging flexibilisation of contracts designed, it was claimed by the government, to discourage informal working. These new proposals were aimed at reducing the value of severance payments and maternity leave and redefining the coverage of the legislation to include part-time work. The union federation claimed that the sudden change, conducted without union consultation and under the false guise of the ILO, was actually at the behest of the IMF, who were simultaneously negotiating the terms of a new loan to the Montenegrin government. In May 2002 the SSSCG consequently organised street protests and a petition opposing the new Bill.

These case vignettes are of interest for two reasons. First, they exhibit a similar pattern of government proposals to amend labour law and an inference of either direct or indirect IFI influence in the legislative process. Second, they indicate a high level of contestation by the trade unions. Third, they indicate a preparedness of government to by-pass or ignore existing tripartite structures. In effect governments have vacillated between a consensus approach and a unilateral approach to labour reform, adopting a unilateral approach only when it was clear that there would be a failure to secure trade union agreement to change.

Assessment

The objective of this article has been to try to assess the precise role of the IFIs in shaping labour markets and employment relations, and to relate the evidence to theoretical frameworks. First, the evidence would suggest that there is a common theme to the IFI approach to labour market reform, which includes privatisation of state-owned enterprises; a programme of flexibilisation of contracts and regulations on hiring and firing; decentralisation of collective bargaining away from former national systems; a reduction in the public service wage bill; a dilution of the minimum wage; and an increase in wages and salary differentials in an effort to retain professionals and incentivise staff. There remains continued commitment to the 'trickle-down' approach to economic development albeit now supplemented with supply-side economics focussing on improving health, education provision, and the building of both social and human capital. This implies an active private, rather than public sector role and this, together with the associated labour market reforms continue to impose negative structural constraints on workers' employment rights and job security. IFI policies may continue to exacerbate poverty levels, by increasing unemployment (at least in the short-term), and by institutionalising low pay by diluting the minimum wage, increasing wage differentials on a nil cost basis, and dismantling the collective bargaining power of unions. Indeed, the World Bank admits as much in its own collected evidence in reporting that:

... union density ... appears to have little or no impact on comparative labour market performance ... there is, however, one significant exception ... high union density is associated with compression of wage distribution and a reduction of earnings inequality. (World Bank, 2003)

However, trade unions have a difficult strategic problem to face in that they are most often active supporters of the privatisation process and market reform on the 'Western model', and wish for an influx of foreign ownership to solve the problems of low internal capital accumulation. Their ability to construct an opposing stance to the policies of the IFIs is consequently constrained by their acquiescence to the market imperative.

Second, the evidence would suggest that the IFIs' new approach to civil society empowerment still has not effectively included the collective labour interest represented by trade unions. Where processes of national social dialogue have been in place (albeit tentative in most cases) governments have been prepared to ignore or by-pass consultation arrangements whenever the policies demanded by the IFIs are likely to be opposed by unions. Unions have been left out in the cold and resorted to street protests, strikes, and demonstrations as a result. The union relationship with the IFIs has been similarly constrained, meetings and dialogue have taken place, but effective and meaningful consultation, with the ability to change minds and alter proposals has appeared to be generally absent. The argument presented here would support the proposition that the new turn in the IFIs towards CSO empowerment, at least for trade unions and collective labour interests, is designed to demobilise opposition to the

continuing ideological dominance of neoliberal market reform. Rather than embrace the concept of cosmopolitan social democracy the reality is that participation is being utilised to 'institutionalise' a particular market-based ideology. The concept of 'civil society' in this instance is 'from above' rather than in its Gramscian ideal 'from below'. Within this process there is a collusion of interest between the IFIs and the newly empowered governments who have technical ownership of the CAS and PRSP, but who have 'bought-in' to neoliberalism either because they have little alternative choice or because they perceive they will benefit from the outcomes. We could describe the result as utopian liberalism, whereby the reality of the liberal market economy is obscured and transcended by the illusion of consensus (Upchurch & Weltman, 2007). This presents a different conclusion to Arandarenko's (2004) social capital based contention, which, by its own logic assumes the possibility of neo-pluralist outcomes in the region. The problem being that social capital is neither ideologically or class-neutral, but must be assessed within existing power structures (Das, 2006). As Martin and Cristescu-Martin (2004) also suggest, the observable 'system incoherence' of transformation economies is incompatible with conventional pluralist systems thinking. Such an analysis does not bode well for the future of social dialogue. Many commentators have attempted to explain the fragility of social dialogue in post-Communist countries as a result of labour weakness brought about by fragmented unions and negative historical legacy (e.g. Ost & Crowley, 2001). To complement 'labour weakness', the preceding analysis would suggest that the problems of social dialogue are located in structural constraints whereby powerful and influential IFIs, despite their commitment to 'institution building', have a smothering effect on collective labour interest due to their overwhelming commitment to free market-based capital accumulation strategies. Where social dialogue mechanisms and forums are established they are more likely, as Tatur (1995) argues, to be forms of 'paternalist neo-corporatism', whereby the state attempts to seek legitimisation of neoliberalism (cf. Thirkell et al., 1998). The weak base of the trade unions thus creates a dilemma whereby participation in mechanisms and processes of social dialogue allows them to acquire legitimacy, but only at the expense of their ability to effectively represent the collective interest of labour.

This is not to argue that the trade unions should ignore the processes of CSO empowerment but rather that they should seek to build their capacity to engage the IFIs in open debate about the social and economic consequences of their policies. Indeed, the ITUC and the Global Union Federations now claim some progress in encouraging the IFIs to embrace the discourse of Core Labour Standards (ICFTU, 2006). However, any 'counter normative' socio-economic argument constructed by organised labour will need to be combined with a combative agenda to mobilise against labour market 'reform'. Trade unions are the largest civil society organisations in transforming economies, with high potential associative power. But while their structural power remains constrained by economic factors unions will need to push outwards to embrace other social movement actors in their defence. As such a more openly politicised union response is demanded.

Notes

- 1 See <https://www.imf.org/external/pubs/ft/seminar/1999/reforms/index.htm>.
- 2 Current estimates from the ILO show '... that in developing countries in 1997 around 534 million persons can be considered working poor. This was about the same number as in 1986 (536 million). Thus, in 1997 around 25% of the employed labour force in developing countries were working poor, the great majority of whom were living in low-income countries. The dynamics of the working poor population show that their numbers have increased in low-income countries, but decreased in middle-income countries. There seems to be also a polarization between

those low-income countries where the number of working poor are declining and those where they are increasing thus exacerbating world inequalities' (*Employment Analysis—poverty, income and the working poor*, Geneva: ILO, 2005).

- 3 Since November 2006 renamed as the International Trade Union Confederation (ITUC).
- 4 Time Series Measurement of poverty levels can be found at the UN statistical database (<http://millenniumindicators.un.org>).
- 5 The *OECD Economic Outlook 2005* (Paris: OECD) states 'On current trends, however, OECD countries will still have around 36 million job-seekers in 2006 (or 6.4% of the labour force), compared with 37 million in 2004 (or 6.7% of the labour force): about 35% of people of working age are without a job, and there are few signs of a significant improvement in the next two years'. The ILO in its report *A Fair Globalisation—Creating Opportunities for All* (Geneva: ILO, 2005) stated that 'In 2003, official figures for global unemployment reached a record high of over 185 million people.'
- 6 The brief of the IMF does not go as far as social protection and focuses on macro-economic policies. This is in contrast to the micro-orientation and poverty reduction brief of the World Bank.
- 7 Referring to the development of the World Social Forum the document suggests that: 'There was an overall shift toward more peaceful engagement in the wake of the violence which occurred in 2000 and 2001 at the international meetings in Prague, Quebec, and Genoa, and particularly after the September 11, 2001 terrorist attacks, but experience shows that some groups remain committed to using obstructive tactics or even violence. With these more militant groups, there is little basis for the Bank to expect that constructive relations are possible or desirable. However, the evolution of the World Social Forum (WSF) and other civil society forums suggest that even some of the more radical social movements may be maturing, recognizing the need to move beyond using protest as an advocacy tool and engaging policy makers in serious debate about policy alternatives.' (Ibid. p. xi).
- 8 See <http://www.eurodad.org> and *Eurodad 2003 PRGF Matrix and Analysis*, Brussels: Eurodad, 2004.
- 9 *The IFIs' Role in Implementing Global Commitments to Achieve the Millennium Development Goals*, Statement by Global Unions to the 2005 Annual Meetings of the IMF and World Bank (ICFTU, Washington, 24–25 September 2005).
- 10 See the World Bank/IFC site at <http://www.doingbusiness.org/>.
- 11 See Stability Pact for South Eastern Europe *Annual Report 2004*, <http://www.stabilitypact.org/rt/041122annualreport.pdf>.
- 12 See <http://www.icftu.org/list.asp?Language=EN&Order=Date&Type=CEETURBulletin&Area=CEEU>.
- 13 Quoted in <http://www.icftu.org/list.asp?Language=EN&Order=Date&Type=CEETURBulletin&Area=CEEU>.
- 14 'Central and Eastern European Workers Struggle to Hold Their Ground in Hard Economic Times', an Interview with Jasna Petrovic, Multinational Monitor, May 2002, available on the web at <http://multinationalmonitor.org/mm2002/02may/may02interviewpetrovic.html>
- 15 Quoted in interview with author by Slavko Lukovic, General Secretary of Nezavisnost, June 2004.
- 16 The union was formed as an independent oppositionist union during the Milosevic period.
- 17 Author's interview notes, June 2004.
- 18 *Mid-term Development Strategy of Bosnia and Herzegovina (PRSP) 2004–2007*, Sarajevo: Bosnia and Herzegovina Council of Ministers of BiH, Government of Federation of Bosnia and Herzegovina, Government of Republika Srpska, Office of the BiH Coordinator for PRP, April 2004.
- 19 SCF (UK) submission to PRSP.
- 20 Author's interview notes with ICFTU office in Sarajevo.
- 21 *Mid-term Development Strategy of Bosnia and Herzegovina (PRSP) 2004–2007*, Sarajevo: Bosnia and Herzegovina Council of Ministers of BiH, Government of Federation of Bosnia and Herzegovina, Government of Republika Srpska, Office of the BiH Coordinator for PRP, April 2004.
- 22 'Employment and the Reduction of Poverty in Bosnia and Herzegovina Recommendations by the Unions of BiH'. 5 April 2005, Sarajevo: SSSBiH/SSRS/SBDBiH.

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