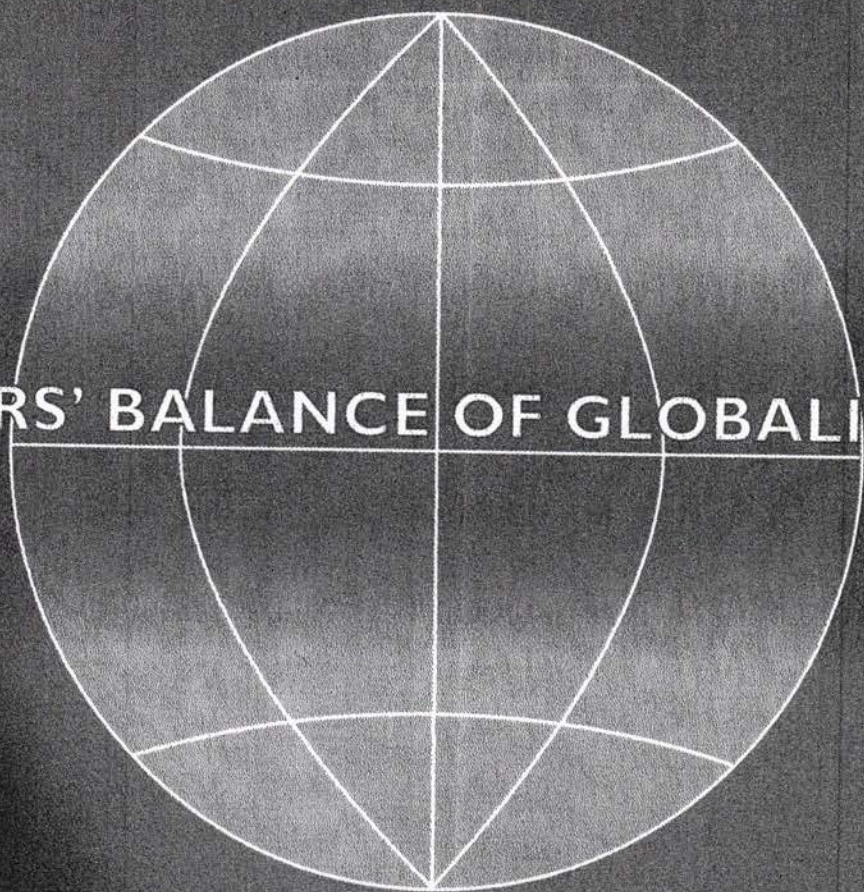




ICFTU - APRO



WORKERS' BALANCE OF GLOBALIZATION

International Confederation of Free Trade Unions
Asian and Pacific Regional Organisation
(ICFTU - APRO)

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Contents

	Page
Foreword	i
Chapter 1 — Introduction and the Background	
Introduction	1
The Phenomenon Overlooked	2
The Outcome and ICFTU-APRO Initiatives	3
ICFTU-APRO Survey	3
The Analysis	4
Concluding Remarks	5
Chapter 2 — Gains and Losses of Globalization	
The Key Indicators	6
Globalization, and Pattern and Sources of Investment	10
Globalization and Labor Market	13
Legal Framework and Unionization	20
The Privatization	22
Concluding Remarks	24
Chapter 3 — The Balance Sheet of Globalization	
The Global Perspective	26
The Asian Crisis	27
The Regional Perspective	28
Concluding Remarks	29
Chapter 4 — Humanizing Globalization	
Humanization Globalization:	33
The Question of Governance	
Humanizing Globalization	34
Concluding Remarks	36
References	38
Appendix	39

FOREWORD

We in the trade union movement have been raising our concerns on the speed and sequencing of dismantling of tariff and non-tariff barriers to the international trade and investment. The three important components of globalization and free trade regime, namely: deregulation, market liberalization especially of the capital, and privatization and disinvestments of state-owned enterprises were being pursued rather vigorously. These pursuits, however, relegated the need to simultaneously work on evolving and enforcing standards as well as bringing transparency and greater information to a subsidiary position. Soon we found priorities of the investors dramatically changing. Instead of going for direct investment and value addition, a large proportion of new investment was being directed to the speculative purposes, generating easy money and the real estates. There also occurred a mad rush to become competitive and the major instruments used were the massive restructuring, mergers and acquisitions, especially by the multinational corporations (MNCs). The result - Asian financial, economic and social crisis and the casualty large-scale retrenchments and deteriorating employment, working and living conditions across the globe.

The nature and extent of the fall-out of globalization and free market economy can be gauged from the Thai experience. The double-digit decline in economic performance during 1997-98 attributed to the speed and sequencing of market liberalization, and the consequent currency crisis in the country, increased the poor by over a million, and as a result, 12.9 per cent of the population plunged into poverty. The situation also turned the Thai economy from one of an importer of a million foreign workers to the one with an unemployment level reaching two million in the crisis years of 1997-99.

Indeed, the process of globalization grossly lacks employment considerations. Let us take the Indian case. The country opened up the economy in the early nineties at the behest of the erstwhile International Financial Institutions (IFIs), particularly the IMF. There did occur a rapid growth of the industrial sector, but at what cost? The process made 600,000 small-scale and 125,000 large-scale industrial units sick. The rise of industrial sector was accompanied by an employment growth of less than half percent in the formal sector during the same period.

To rectify the situation, entered the IFIs but with policies largely unrelated to ground realities and accompanying conditionalities which have been not only too harsh but also carried serious socio-economic implications. The emphasis of the IFIs on the sale of state-owned enterprises at a time of recession is one such example. Who will buy and if some are found willing, then what will be the price these enterprises can fetch? The policies of the IFIs have lacked a balance between the consideration of economic and financial stabilization, and those of social development.

No wonder, frustrations and helplessness lead to street agitations. The debacle of the WTO ministerial meeting in Seattle in 1999 was a manifestation of such growing

impatience. This mood was also reflected in this year's contention-ridden spring meeting of the IMF and the WB in Washington D.C. and the annual board meeting of the Asian Development Bank in Chiang Mai, Thailand.

How to humanize the whole process of globalization thereby making it peoples' friendly and employment augmenting? This has been the area receiving greater attention of the trade union movement. However, we in the ICFTU-APRO felt the need that this process should also precede a deeper understanding of the situation as prevailing in the countries of the region. Similar to the initiative of undertaking the eleven-country case study of the IFIs' Policies and Initiatives in Social Development, we conducted the survey on the gains and losses of workers due to globalization. The results are simply mind-boggling. The workers in the wake of globalization have lost not only jobs but the security of jobs as well. They are confronted with an increasing casualization of their work, having nil or extremely inadequate social safety nets and the process of privatization is further reducing any reasonable and fairly protected jobs. The countries are losing their industrial structures built over the years with substantial outlays, quite often on the money borrowed abroad.

Thus, there is urgent need to humanize the whole process of globalization. Social priorities will have to be increasingly integrated in any program planning and implementation. The emphasis on growth maximization will have to be blended with employment maximization and social justice. The social dimension of development also demands evolving, in a phased manner, social safety nets. The international financial markets will have to be regulated along with reforming the international financial architecture. The free flow of capital - the hedge funds, speculative investment, highly leveraged investment, etc. - will have to be monitored and controlled. An important component will be reforming the IFIs by making them more transparent and participatory. In fact, they should effectively and visibly involve civil society in their policy formulations as well as in monitoring implementation. Yet another related step would be to give due consideration to the ICFTU-APRO proposal of establishing the dual-purpose Asian Partnership Fund (APF) to work for currency stabilization and regional surveillance as well as helping in the establishment of social safety nets in the member countries.

The protection to the production structures in developing countries will have to be ensured. Their manufacturing and service sector is simply incapable to compete with those in the industrialized and even in the newly industrialized countries. This would, however, have to coincide with a faster growth of domestic market and bringing efficiency in the use of factors of production.

The privatization is certainly not a panacea for the ills confronting the public sector enterprises in many of the countries in the region. In case privatization is deemed necessary, it should be ensured that countries have done proper valuation of assets. There is a balance between disposing of profit and loss-making units. The process of privatization should be transparent. The proceeds of privatization should be used for debt retirement and social development, and the conditions of work and size of employment of the privatized units should remain unchanged and should be altered,

where necessary, only through mutual consultation of employers and workers.

This then brings us to the need of a functioning social dialogue and bi-and tri-partism. It should be integrated in the overall process of policy- and decision-making including those related to the international trade and investment.

These are some of the findings, conclusions and broad set of recommendations of the analysis of the responses of the affiliates. I hope this report will provide more insights to a reader. And our affiliates will find this report a useful reference material for their future activities and campaigns for humanizing globalization. This report, I am hopeful, will also be of interest to the academics and labor related institutions as well as policy makers, both national and IFIs.

It is my pleasure to record sincere appreciation and profound thanks to Bro. Takashi Izumi, the immediate past General Secretary of the ICFTU-APRO, for his initiative and stewardship in an area of crucial importance for the working people and their families. I would also like to express my sincerest thanks to the affiliates for kindly responding to our questionnaire thus making this exercise culminating in this report. I would also like to acknowledge with thanks the work of my colleagues engaged in this work.

By publishing this, we are also conveying our message to all the concerned that the issues related to globalization and IFIs' policies are such that we simply can not remain aloof to them and leave them to the whims of free market forces, politicians, and the bureaucracies of governments and the IFIs? Participation and partnership is the key to humanizing the whole process.

Noriyuki Suzuki
General Secretary

September 2000
Singapore

Chapter 1

Introduction and the Background

1.1 INTRODUCTION

The trade union movement earlier had expected that the process of globalization and free trade regime would lead into significant improvement in the working and living conditions of workers across the globe by way of sharing gains equitably and promoting social development. It will ensure availability of a decent work to all the able and willing to work adults. The decent work has been interpreted to indicate a situation having not only gainful and productive employment but simultaneously ensuring building and strengthening of social safety nets (SSNs). Hence, the workers would be able to enjoy the old age benefits and pensions, health facilities, childcare and maternity leave, training and retraining facilities, unemployment allowance and retrenchment allowance. There will also be provisions to provide support to the by-passed and marginalized segments of the population especially in the form of social assistance. This will then contribute significantly in reducing the global poverty already affecting a-fifth of the population of this universe.

The factor market distortions, the outcome of an inward policy regime having also the characteristics of selectivity; licensing and even discrimination, leading to the sub-optimal use and even wastage of scarce resources of countries and more so of the developing, will cease to exist. This will then make the manufacturing and service sector viable and sustainable especially in the developing countries. The theory of "comparative advantage" was revisited. Many pointed out the gains by its hot pursuit. It was indicated as the harbinger of value addition, quality and efficiency. Thus, leading into the optimal and effective utilization of the resources, both human and material, of the globe.

The corruption, lack of good corporate governance, the traits considered to be synonymous with the inward looking policy regimes but bringing a heavy toll on the meager resources of many countries, would largely cease to exist. Hence, it was understood that the process would bring greater transparency, regulations and standards crucially needed for attaining a sustainable and beneficial pattern of socio-economic development.

The overall beneficiaries were expected to be the consumers. They would have the sovereignty over determining the type and volume of goods and services to be produced. Besides having the opportunity of accessing the better quality goods and services, they would be paying the prices truly reflecting the scarcity value as well as the balance between the cost of production and marketing. The rent seeking, thus would be a thing of the past.

The developing countries were identified as deriving the significant benefits. Of particular importance for them were the perceived benefits from the increasing capital inflows, transfer of technical know-how and the possibilities of installing modern technology in their

production structures. In the absence "quotas" and tariff restrictions, they were expected to be entering into global market on merit and with the increased production enjoy the economies of scale.

1.2 THE PHENOMENON OVERLOOKED

These hopes and expectations, however, were not based on the objective assessment of ground realities. The mismatch between countries and regions in terms of the size of economies, financial markets and financial institutions was not found adequately addressed. The stock market capitalization, for instance, of the USA, EU and Japan respectively at over US\$ 15 Trillion, about \$ 9 Trillion and about \$ 5 Trillion were not considered as meriting attention in terms of their comparisons with those prevailing even in the emerging markets of Asia. One percent asset allocation in the US stock market, for instance, standing at \$150 Billion alone is well over stock market capitalization of many of the emerging economies except Singapore, Korea and Malaysia. And this relocation can create sizeable ripples in any of the emerging market did not receive any significant consideration. No wonder, the daily currency trading of over \$1.5 Trillion did not receive any attention in terms of the vulnerabilities it is confronting many recipient countries.

The drive to open up economies also did not pay heed to the giants in the global markets and the manipulating strength of the multinational corporations (MNCs). The market capitalization of the Micro Soft, GE and Intel, for instance, estimated to be respectively at \$500 Billion, \$360 Billion and \$230 Billion [IHT (2000)] received no consideration. This was also true for many other MNCs. The top telecommunication and pesticides MNCs respectively controlling 86% of the \$262 Billion and \$31 Billion global market [HDR (1999)], thus leaving no room for the new entrants found no attention.

It is also true for the IT revolution. Who are the users and the beneficiaries? Few thought that out of the 140 Million Internet users in 1998, which are estimated to be reaching 700 Million in 2001 [HDR (1999)], how many are from the developing countries. Whether, the IT revolution is not leading to yet another divide - the digital - few pondered.

Thus, the ground realities had demanded standards, regulations and good corporate governance. It also needed attention on making available greater information on nature and direction of capital flows. Greater information was needed on the borrowers, lenders and investors. Reform was needed for the global financial architecture.

There was also a simultaneous need to ensure the fundamental principles and rights at work as enshrined by the ILO Declaration of 1998. Essentially, it demanded a functioning trade unionism and bi- & tri-partism. The might of the MNCs as well as the vulnerabilities and even indifference of Governments can only be addressed by the representative unions.

1.3 THE OUTCOME AND ICFTU-APRO INITIATIVES

This optimism, however, will be so short-lived and the areas overlooked would prove to be so costly none had visualized. The East and South East Asian financial, and subsequent economic and social crises unfolded the true nature of free market and unregulated economy. Massive currency devaluation, nose-diving of stock market prices and dramatic change in the nature of capital flows changed the whole spectrum. The region witnessed bankruptcies and enterprise closures to the extent unknown earlier with the consequent retrenchments, lay offs and redundancies. Tens of millions of workers, as a consequence, lost their jobs and were confronted with a massive decline in their living and working conditions [for details, see ICFTU-APRO(1998 and 1998a & b)].

The situation in the countries not directly affected by the crisis, incidentally, was not dissimilar either. Opening up of the economies in a large number of Asian and Pacific countries soon found crumbling of a significant proportion of the indigenous industrial and service sector. Further, at the behest of the erstwhile donors particularly the twin Brettonwoods' institutions, the International Monetary Fund (IMF) and the World Bank (WB), many countries underwent the stabilization and structural adjustment programs (SASPs). The SASPs have the divestiture of state owned enterprises and downsizing as the major components.

On yet another plane, the multi-nationals resorted to acquisitions, mergers and restructuring on a level unparalleled in the history of world investment and trade. Every such move, however, had a bearing on employment and on the working conditions.

The ICFTU-APRO, gravely concerned with these developments and also having realized the need to humanize this whole process of globalization and free trade regime, undertook initiatives in many directions. They range from exercises aiming at the understanding of the nature and extent of the crisis to campaigning for integration of social development as well as building of the social safety nets (SSNs) and proposing a regional funding agency - the Asian Partnership Fund - to address simultaneously the currency stabilization and SSNs [for details, see ICFTU-APRO (1998a & b, 1999, 2000 & 2000a)]. The ICFTU-APRO has also conducted 11-country case study of the policies of international financial institutions and social development [see ICFTU-APRO (2000a & b)].

1.3.1 ICFTU-APRO Survey

The ICFTU-APRO, in order to document the gains and losses of workers due to globalization and to supplement the earlier work especially the findings and conclusions of the country case study on "IFIs' Policies and Initiatives in Social Development in Asia and the Pacific"[ICFTU-APRO (2000a & b)], undertook the survey of the affiliates. The prepared questionnaires were kept simple and the responses from the affiliates were visualized in terms of "yes" or "no" on the given variables. The questionnaires were sent in November 1999 to all the affiliates of the ICFTU-APRO as well as a friendly organization in Indonesia.

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Reminders followed it in the month of December 1999. The responses started pouring and by the end of the first quarter of 2000, as many as 22 affiliates and the friendly organization from 17 countries sent the filled-in questionnaires. In case of Israel, the affiliate informed that they have been pursuing the free trade regime for quite a long time and the economy remains unaffected by the process getting momentum after the signing of the Marrakech agreement of April 1994 and the subsequent birth of the World Trade Organization (WTO) on January 1995.

Table 1
Sub-regions and Countries Covered

Sub-region	Countries Covered
East Asia	Hongkong (2), Korea & Taiwan
South East Asia	Indonesia, Malaysia, Singapore & Thailand
Middle East	Turkey (3)
South Asia	Bangladesh, India (2), Nepal, Pakistan (3) & Sri Lanka
Pacific	Australia, Fiji, French Polynesia, New Zealand & Tonga Islands

Note: Parenthesis indicates responding affiliates from a country

The number of responses, as may be seen from Table 1, is from 17 countries representing 22 affiliates including 1 friendly organization. The results of the survey thus cover all the sub-regions from Asia and the Pacific.

1.3.2 The Analysis

Simple percentages have been worked out to compare and contrast the impact of globalization on the selected variables ranging from macro-economics to industry, investment and capital flows, labor market; employment and working conditions, industrial relations and unionism, and privatization. In addition, attempt is made to compare the situation as prevailing in different sub-regions in Asia and Pacific. It may be noted that Turkey has been included in South Asia. However, any significant difference in terms of responses has been pointed out.

Every chapter ends by offering some concluding remarks. Chapters following this introductory chapter are:

- Chapter 2: Gains and Losses of Globalization
- Chapter 3: The Balance Sheet of Globalization
- Chapter 4: Humanizing Globalization

1.4 CONCLUDING REMARKS

The labor movement, on the understanding that the globalization will contribute to the rising employment, and better living conditions for them and their families, supported the process earlier. The events as unfolded in the wake pursuing of the process, however, depict a diametric situation. Instead of making a readily available work opportunities to all the able and willing to work adults, and a decent living to the families of the workers, we soon found the Asian turmoil, mergers and acquisitions, downsizing and massive restructuring — all having negative manifestations for the workers and their families.

The situation, in addition to looking into the ways and means to humanize the whole process of globalization, also demands further documentation of the gains and losses of workers accruing due to globalization - construction of a balance sheet.

This initiative of the ICFTU-APRO is intended to complement its recent work on IFIs and social safety nets as well as in providing necessary information to the affiliates, friendly organizations and the concerned on the trade unions' perspective on the issues emanating from globalization, and importantly as how to humanize the whole process and make it peoples' friendly.

Chapter 2

Gains and Losses of Globalization

2.1 THE KEY INDICATORS

The globalization is found having largely contributed to the economic development in many of the countries in Asia and Pacific. The responses affirming to this effect are more than four-fifths. The effect has been all positive in the case of East Asia, and was no less either in case of South Asia and Middle East, where as high as 89 percent of the responses indicated a rise in the GDP over the last five years. The sub-region showing a relatively lesser positive impact is the pacific, where three-fifths of the responses indicated globalization as contributing to the economic development, see Table 2.

Table 2
Globalization and Increase in GDP During Last Five Years

Sub-Regions	Yes		No		Total
	No.	%	No.	%	
East Asia	4	100	0	0	4
South East Asia	3	75	1	25	4
South Asia	8*	89	1	11	9
Pacifics	3+	60	2	40	5
Total	18	82	4	18	22

* Includes 3 from Turkey

+ Includes 2 Industrial countries

It will be interesting to see whether this rise in GDP has also been reflected in the rise in real wages. Unfortunately this has not been the case. Here the development has been negative. More than four-fifths of the responses have been negative in terms of the impact on wages, see Table 3. The worst affected have been the sub-regions of South Asia and the Middle East, where none of the country has reported a rise in the real wages. In case of other sub-regions, a-quarter to a-fifth of the respondents have indicated a rise in the real wage levels.

Table 3
Globalization and Rise in Wages

Sub-Regions	Yes		No		Total
	No.	%	No.	%	
East Asia	1	25	3	75	4
South East Asia	1	25	3	75	4
South Asia & Turkey	0	0	9*	100	9
Pacifics	1+	20	4+	80	5
Total	3	14	19	86	22

* Includes 3 from Turkey

+ Includes one Industrial country

It is important to note that the cause of even greater concerns has been the negative impact on employment. More than four-fifths of the responses have been in the direction linking globalization with more unemployment, see Table 4. The worst has been the South Asia and the Middle East, where none of the respondents has indicated a positive impact on employment.

However, there are few countries, which have also emerged as the labor deficient countries. But they are either the industrial counties in the Pacific or the industrializing countries in East and South East Asia. Interestingly, some of these countries are simultaneously witnessing unemployment.

Table 4
Globalization and Employment

Sub-Regions	Yes		No		Total
	No.	%	No.	%	
East Asia					
- More unemployment	3	75	1	25	4
- Labour shortage	1	33	2	67	3
South East Asia					
- More unemployment	3	75	1	25	4
- Labour shortage	2	50	2	50	4
South Asia & Turkey					
- More unemployment	9*	100	0	0	9
- Labour shortage	0	0	9	100	9
Pacifics					
- More unemployment	3	60	2+	40	5
- Labour shortage	1+	100	0	0	1
All					
- More unemployment	18	82	4	18	22
- Labour shortage	4	50	4	50	8

* Includes 3 from Turkey

+ Includes 1 Industrial country

Which are the industries finding a boost in the wake of globalization? It has been mainly the banking and financial sector invariably demonstrating an increase in the turn over in all the sub-regions, see Table 5. Three-fifths of the respondents have affirmed to this effect. Only, two-fifths of the respondents, surprisingly, have indicated a rise in the turn over of the export sector.

It is interesting to note that all the respondents in the East Asian sub-region have indicated a rise in the turn over of the banking and financial sector, while it is not so for the export sector. While, in the South East Asian region, three-fourths of the respondents have indicated a rise in all industries including banking and financial sector as well as the export sector.

The situation is South Asia including Middle East is such that banking and financial sector has been indicated by three-fourths of the respondents as demonstrating a rise in turn over, while in case of the export sector, only a third have indicated its rise.

The situation is worst for the developing countries in the Pacific. If the responses from the industrial countries are ignored, then all other countries have, by and large, indicated no rise in the turn over of the industrial, and banking and financial sector.

Table 5
Globalization and Increase in Turn Over of Industries

Sub-Regions	Yes		No		Total
	No.	%	No.	%	
East Asia					
- All industries	1	25	3	75	4
- Export-sector	1	33	2	67	3
- Banking and financial sector	3	100	0	0	3
- Other	0	0	3	100	3
South East Asia					
- All industries	3	75	1	25	4
- Export-sector	3	75	1	25	4
- Banking and financial sector	3	75	1	25	4
- Other	1	33	2	67	3
South Asia & Turkey					
- All industries	3*	33	6**	67	9
- Export-sector	3	33	6**	67	9
- Banking and financial sector	7***	78	2	22	9
- Other (domestic Service & Retail)	0	0	3	100	3
Pacifics					
- All industries	2+	40	3	60	5
- Export-sector	2+	40	3	60	5
- Banking and financial sector	3++	60	2	40	5
- Other	3++	60	2	40	5
All					
- All industries	9	41	13	59	22
- Export-sector	9	43	12	57	21
- Banking and financial sector	16	76	5	24	21
- Other	4	28	10	72	14

* Includes 1 from Turkey ** Includes 2 from Turkey *** Includes 3 from Turkey

+ Includes 1 industrial country ++ Includes 2 industrial countries

The closure of domestic/indigenous enterprises is yet another outcome of the process of globalization, see Table 6. The closure has been to the extent of 80 percent, 78 percent and 75 percent respectively for the sub-regions of Pacific, South Asia and Middle East, and South East Asia. The only exception to this sorry state of affairs has been the sub-region, East Asia where only a-fourth of the response is to this effect

The closure of the local industry has been followed up by the acquisition of local production line. This phenomenon has been reported by all from the South East Asia, and has been three-fourths for the sub-regions of Pacific as well as the South Asia including Turkey.

The establishment of local subsidiaries has also been found quite a favorable pursuit of the (foreign) investors.

Table 6
Impact of Globalization on Domestic Industry

Sub-Regions	Yes		No		Total
	No.	%	No.	%	
East Asia					
- Closure of (National) Enterprises	1	25	3	75	4
- Establishment of local Subsidiary	2	67	1	33	3
- Establishment of local production line/Acquisition of local Products	1	25	3	75	4
South East Asia					
- Closure of (National) Enterprises	3	75	1	25	4
- Establishment of local Subsidiary	4	100	0	0	4
- Establishment of local production line/Acquisition of local Products	4	100	0	0	4
South Asia & Turkey					
- Closure of (National) Enterprises	7*	78	2	22	9
- Establishment of local Subsidiary	6*	75	2	25	8
- Establishment of local production line/Acquisition of local Products	6*	75	2	25	8
Pacifics					
- Closure of (National) Enterprises	4+	80	1+	25	5
- Establishment of local Subsidiary	3+	75	1+	25	4
- Establishment of local Production line/Acquisition of local Products	4++	80	1	20	5

(continue on page 11)

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South East Asia					
- Closure of (National) Enterprises	3	75	1	25	4
- Establishment of local Subsidiary	4	100	0	0	4
- Establishment of local production line/Acquisition of local Products	4	100	0	0	4
South Asia & Turkey					
- Closure of (National) Enterprises	7*	78	2	22	9
- Establishment of local Subsidiary	6*	75	2	25	8
- Establishment of local production line/Acquisition of local Products	6*	75	2	25	8
Pacifics					
- Closure of (National) Enterprises	4+	80	1+	25	5
- Establishment of local Subsidiary	3+	75	1+	25	4
- Establishment of local Production line/Acquisition of local Products	4++	80	1	20	5

(continue on page 11)

All					
- Closure of (National) Enterprises	15	68	7	32	22
- Establishment of local Subsidiary	15	79	4	21	19
- Establishment of local Production line/Acquisition of local Products	16	73	6	27	22

* Includes 3 from Turkey

+ Includes 1 Industrial country

++ Includes 2 Industrial countries

2.2 GLOBALIZATION, AND PATTERN AND SOURCES OF INVESTMENT

It is interesting to note that similar to the rise in the GDP, as indicated in Table 2 above, there is also a rise in investment indicated by almost all the respondents due to globalization, only exception being Togo Islands, see Table 7.

Table 7
Globalization and Rise in Investment

Sub-Regions	Yes		No		Total
	No.	%	No.	%	
East Asia	4	100	0	0	4
South East Asia	4	100	0	0	4
South Asia& Turkey	9*	100	0	0	9
Pacifics	4+	80	1	20	5
Total	21	95	1	5	22

* Includes 3 from Turkey

+ Includes 2 industrial countries

The investors have predominantly been the foreigners followed by the private sector, see Table 8. All the respondents from East Asia, South East Asia and South Asia have indicated the predominance of the foreign source of investment. It is also worth noting that the local private sector has also been predominant as well, about three-fourths of the respondents identifying this source of investment.

Table 8
Sources of Investment

Sub-Regions	Yes		No		Total
	No.	%	No.	%	
East Asia					
- Private (local)	2	67	1	33	3
- Government (Public)	0	0	2	100	2
- Foreign	4	100	0	0	4
South East Asia					
- Private (local)	2	50	2	50	4
- Government (Public)	0	0	3	100	3
- Foreign	4	100	0	0	4
South Asia					
- Private (local)	7*	100	0	0	7
- Government (Public)	0	0	4	100	4
- Foreign	7*	100	0	0	7
Pacifics					
- Private (local)	2+	50	2	50	4
- Government (Public)	1	25	3+	75	4
- Foreign	4++	80	1	20	5
All					
- Private (local)	13	72	5	28	18
- Government (Public)	1	8	12	92	13
- Foreign	19	95	1	5	20

* Includes 3 from Turkey

+ Include 1 Industrial country

++ Includes 2 Industrial countries

The pattern of foreign capital inflows has been fairly diversified. Led by the services sector (banking and financial sector), three-fourths of the respondents also indicated foreign investment as: direct, speculative and in manufacturing, see Table 9. The imports and trading were also reported to be the recipient of foreign capital by the four-fifths and three-fourths of respondents respectively from Pacific and South East Asia. While this sector was reported as receiving no foreign capital flows in case of South Asia. In case of Turkey, all the respondents indicated this sector as also the recipient of the foreign capital inflows.

It is, however, interesting to note that real estate has been reported by none of the respondents from East Asia and South Asia including Turkey. While, three-fourths of the respondents from South East Asia reported this also as the recipient of the foreign capital.

Surprisingly, manufacturing and direct investment have been reported by about three-fourths of the respondents. It is, however, important to point out that the presence of foreign capital in the stock market, banking and financial sector, imports and trading and real estate also carry the destabilization risks — a phenomenon amply demonstrated by the East and South East Asian crisis of 1997-99.

Table 9
Nature of Capital Flows

Sub-Regions	Yes		No		Total
	No.	%	No.	%	
East Asia					
- Direct Investment	1	50	1	50	2
- Speculation/Portfolio Investment	3	75	1	25	4
- Real Estate	0	0	2	100	2
- Manufacturing	1	50	1	50	2
- Services	4	100	0	0	4
- Imports & Trading	2	67	1	33	3
South East Asia					
- Direct Investment	2	67	1	33	3
- Speculation/Portfolio Investment	4	100	0	0	4
- Real Estate	3	75	1	25	4
- Manufacturing	4	100	0	0	4
- Services	4	100	0	0	4
- Imports & Trading	3	75	1	25	4
South Asia & Turkey					
- Direct Investment	5*	100	0	0	5
- Speculation/Portfolio Investment	5*	62	3	38	8
- Real Estate	0	0	7*	100	7
- Manufacturing	6*	100	0	0	6
- Services	8*	100	0	0	8
- Imports & Trading	3*	38	5	62	8

(continue on page 14)

Pacifics					
- Direct Investment	3+	75	1+	25	4
- Speculation/Portfolio Investment	3++	75	1	25	4
- Real Estate	1+	50	1+	50	2
- Manufacturing	2+	40	3+	60	5
- Services	4++	100	0	0	4
- Imports & Trading	4++	100	0	0	4
All					
- Direct Investment	11	79	3	21	14
- Speculation/Portfolio Investment	15	75	5	25	20
- Real Estate	4	27	11	73	15
- Manufacturing	13	76	4	24	17
- Services	20	100	0	0	20
- Imports & Trading	12	63	7	37	19

* Includes 3 from Turkey

+ Include 1 Industrial country

++ Includes 2 Industrial countries

2.3 GLOBALIZATION AND LABOR MARKET

The foremost casualty of the process of globalization has been the dwindling employment and work opportunities for the able and willing to work adults accompanying worsening of employment and working conditions. The commonalities running across different sub-regions in Asia and Pacific are: rise in the working hours, rise in the informal sector and the increase in the job insecurity, a phenomenon reported respectively by 95 per cent, 91 percent and 82 percent of the respondents. The other causalities have been in the form of enhanced casualization of work and the affected occupational health and safety (OHS) reported by three-fourths of the respondents, see Table 10.

The reduced wage levels, increase in child labor and increasing marginalization of the women workers have been yet other casualties of globalization.

It is worth mentioning that all the respondents from South Asia including Turkey reported increase in child labor, while none reported this phenomenon from East Asia and one-fifth reported it from the Pacific.

Table 10
Globalization and Labor Market

Sub-Regions	Yes		No		Total
	No.	%	No.	%	
East Asia					
- Reduced wage level	3	75	1	25	4
- Reduced employers CPF contribution	1	25	3	75	4
- Marginalised Women Workers	2	50	2	50	4
- Enhanced casualisation of Work	3	75	1	25	4
- Reduced job security	3	75	1	25	4
- Increased informal Sector	4	100	0	0	4
- Increased Child Labour	0	0	4	100	4
- Affected OHS	3	75	1	25	4
- Increased Working Hours	4	100	0	0	4
South East Asia					
- Reduced wage level	2	50	2	50	4
- Reduced employers CPF contribution	1	25	3	75	4
- Marginalised Women Workers	2	50	2	50	4
- Enhanced casualisation of Work	2	50	2	50	4
- Reduced job security	2	50	2	50	4
- Increased informal Sector	2	67	1	33	3
- Increased Child Labour	2	5	2	50	4
- Affected OHS	2	50	2	50	4
- Increased Working Hours	3	75	1	25	4
South Asia					
- Reduced wage level	6*	67	3	33	9
- Reduced employers CPF contribution	5*	56	4	44	9
- Marginalised Women Workers	7*	78	2	22	9
- Enhanced casualisation of Work	8*	89	1	11	9
- Reduced job security	8*	89	1	11	9
- Increased informal Sector	9*	100	0	0	9
- Increased Child Labour	9*	100	0	0	9
- Affected OHS	7*	78	2	22	9
- Increased Working Hours	8*	89	1	100	9

(continue on page 16)

South Asia					
- Reduced wage level	6*	67	3	33	9
- Reduced employers CPF contribution	5*	56	4	44	9
- Marginalised Women Workers	7*	78	2	22	9
- Enhanced casualisation of Work	8*	89	1	11	9
- Reduced job security	8*	89	1	11	9
- Increased informal Sector	9*	100	0	0	9
- Increased Child Labour	9*	100	0	0	9
- Affected OHS	7*	78	2	22	9
- Increased Working Hours	8*	89	1	100	9
Pacifics					
- Reduced wage level	3	60	2+	40	5
- Reduced employers CPF Contribution	2	50	2+	50	4
- Marginalised Women Workers	1	20	4+	80	5
- Enhanced casualisation of Work	4+	80	1	20	5
- Reduced job security	5+	100	0	0	5
- Increased informal Sector	5+	100	0	0	5
- Increased Child Labour	1	20	4+	80	5
- Affected OHS	5+	100	0	0	5
- Increased Working Hours	4+	80	1	20	5
All					
- Reduced wage level	14	64	8	36	22
- Reduced employers CPF contribution	9	43	12	57	21
- Marginalised Women Workers	12	55	10	45	22
- Enhanced casualisation of Work	17	77	5	23	22
- Reduced job security	18	82	4	18	22
- Increased informal Sector	20	95	1	5	21
- Increased Child Labour	12	55	10	45	22
- Affected OHS	17	77	5	23	22
- Increased Working Hours	20	91	2	9	22

* Includes 3 from Turkey

+ Includes 2 Industrial countries

There is unanimity amongst the respondents in terms of informing about the rising phenomenon of contract work and out sourcing. In fact, this development has been reported by all respondents, see Table 11. There is also a surge in the home-based work. The responses to this effect have also been overwhelming. In fact, over four-fifths of them reported about this trend in their respective countries.

Table 11
Globalization and the Change in Work Pattern

Sub-Regions	Yes		No		Total
	No.	%	No.	%	
East Asia					
- More contract Work	4	100	0	0	4
- More sub-contracting (out sourcing)	4	100	0	0	4
- More home-based work	3	75	1	25	4
South East Asia					
- More contract Work	4	100	0	0	4
- More sub-contracting (out sourcing)	4	100	0	0	4
- More home-based work	4	100	0	0	4
South Asia					
- More contract Work	9*	100	0	0	9
- More sub-contracting (out sourcing)	9*	100	0	0	9
- More home-based work	8*	89	1	11	9
Pacifics					
- More contract Work	5++	100	0	0	5
- More sub-contracting (out sourcing)	5++	100	0	0	5
- More home-based work	3+	60	2+	40	5
All					
- More contract Work	22	100	0	0	2
- More sub-contracting (out sourcing)	22	100	0	0	22
- More home-based work	18	82	4	18	21

* Includes 3 from Turkey + Includes 1 Industrial country ++ Includes 2 Industrial countries

There has been a surge in the casualization of work and the incidence of contract labor in the Asian Pacific region. This negative development, however, remains unaccompanied in terms of wages and the fundamental rights of the workers. The availability of similar wages to the participants of the informal sector and the casual workers has been reported in two countries! Over 90 percent of respondents have indicated different wages, see Table 12.

It is not only the lower wages but equally disturbing is the non-availability of the "Right to Organize". Its availability has been reported by a-third of the respondents.

The contract and casual workers are, by and large, not allowed to do the collective bargaining. This right is even not available to the countries indicating the existence of the "Right to Organize". Only one country in South East Asia has reported the availability of the collective bargaining to the contract and casual workers.

Table 12
Wages, Unionization and Contract Work

Sub-Regions	Yes		No		Total
	No.	%	No.	%	
East Asia					
- Similar wages	0	0	4	100	4
- Right to organise	3	75	1	25	4
- Do collective bargaining	0	0	4	100	4
South East Asia					
- Similar wages	2	50	2	50	4
- Right to organise	2	50	2	50	4
- Do collective bargaining	1	25	3	75	4
South Asia					
- Similar wages	0	0	9*	100	9
- Right to organise	0	0	9*	100	9
- Do collective bargaining	0	0	9*	100	9
Pacifics					
- Similar wages	0	0	5++	100	5
- Right to organize	2+	50	3++	60	5
- Do collective bargaining	0	0	5++	100	5

(continue on page 19)

All					
- Similar wages	2	9	20	91	22
- Right to organize	7	32	15	68	22
- Do collective bargaining	1	5	21	95	22

* Includes 3 from Turkey

+ Includes 1 Industrial country

++ Includes 2 Industrial countries

Despite the increasing vulnerabilities of the employed and growing unemployment, the number of countries having the unemployment allowance is deplorably small and is mainly from the sub-regions of East Asia, South East Asia and Pacific. More than three-fourths of the respondents have indicated the absence of this allowance in their respective countries, see Table 13. None from South Asia and Turkey as well as non-industrial countries from the Pacific have erected this important social safety net for the workers and their families.

There, however, does exist retrenchment allowance in about half of the countries of the respondents. While, job placement is available in the countries of two-fifths of the respondents. The proportion is almost similar for the training and retraining facilities.

The sub-region displaying greater availability of these social safety nets is East Asia. The industrial countries in the Pacific also fall in this category.

The job placement services are also available in the countries of two-fifths of the respondents. The group trailing far behind remains South Asia and the non-industrial countries in the Pacific.

Table 13
Globalization and Availability of Social Safety Nets

Sub-Regions	Yes		No		Total
	No.	%	No.	%	
East Asia					
- Unemployment allowance	2	50	2	50	4
- Retrenchment allowance	4	100	0	0	4
- Training and retraining Facilities	4	100	0	0	4
- Job placement services	3	100	0	0	3
South East Asia					
- Unemployment allowance	1	25	3	75	4
- Retrenchment allowance	2	67	1	33	3
- Training and retraining facilities	1	33	2	67	3
- Job placement services	2	67	1	33	3
South Asia					
- Unemployment allowance	0	0	9*	100	9
- Retrenchment allowance	4	44	5*	56	9
- Training and retraining facilities	1	11	8*	89	9
- Job placement services	1	11	8*	89	9
Pacifics					
- Unemployment allowance	2++	40	3	60	5
- Retrenchment allowance	1+	25	3+	75	4
- Training and retraining facilities	2+	40	3+	60	5
- Job placement services	2+	40	3+	60	5
All					
- Unemployment allowance	5	23	17	77	22
- Retrenchment allowance	11	55	9	45	20
- Training and retraining facilities	8	38	13	62	21
- Job placement services	8	40	12	60	20

* Includes 3 for Turkey

+ Includes 1 Industrial country

++ Includes 2 Industrial countries

2.4 LEGAL FRAMEWORK AND UNIONIZATION

The availability of legal framework for ensuring bi- and tri-partism and also ensuring observance of fundamental principles and rights at work is not available in majority of the countries in the Asia and Pacific. The Core Labor Standards (CLS) have been ratified by about a-quarter of the respondents' countries, see Table 14. None from South Asia and East Asia has reported such ratification. Even the industrial countries of the Pacific have not done it so far.

The ILO Convention numbers 87 and 98 stand ratified in two-thirds of the countries being reported upon in this study.

The framing of necessary laws in as much 71 percent of the respondents' countries, however, has not followed the ratifications. This is a situation of serious concerns. This amply demonstrates the antipathy of the policy makers towards the genuine needs of the working people and their fundamental rights as enshrined in the national Constitutions and the global instruments.

Table 14
Legal Framework

Sub-Regions	Yes		No		Total
	No.	%	No.	%	
East Asia					
- All C.L.S. ratified	0	0	4	100	4
- Whether, 87 & 98 Ratified	4	100	0	0	4
- Ratification followed by law	1	25	3	75	4
South East Asia					
- All C.L.S. ratified	2	50	2	50	4
- Whether, 87 & 98 Ratified	1	25	3	75	4
- Ratification followed by law	0	0	4	100	4
South Asia					
- All C.L.S. ratified	3*	33	6	67	9
- Whether, 87 & 97 Ratified	6*	67	3	33	9
- Ratification followed by law	3	33	6	67*	9

(continue on page 22)

Pacifics					
- All C.L.S. ratified	1	20	4++	80	5
- Whether, 87 & 97 Ratified	3+	60	2+	40	5
- Ratification followed by law	2+	50	2+	50	4
All					
- All C.L.S. ratified	6	27	16	73	22
- Whether, 87 & 98 Ratified	14	64	8	36	22
- Ratification followed by law	6	29	15	71	21

* Includes 3 from Turkey

+ Includes 1 Industrial country

++ Includes 2 Industrial countries

No wonder, the process of globalization has led into a decline in the membership of the trade unions in the Asian Pacific region. The decline has been reported by 91 percent of the respondents, see Table 15. All the respondents from South Asia including Turkey and Pacific have reported this unfortunate development.

Table 15
Globalization and Trade Union Membership

Sub-Regions	Yes		No		Total
	No.	%	No.	%	
East Asia	3	75	1	25	4
South East Asia	3	75	1	25	4
South Asia & Turkey	9*	100	0	0	9
Pacifics	5+	100	0	0	5
Total	20	91	2	9	22

* Includes 3 from Turkey

+ Includes 2 from Industrial countries

2.5 THE PRIVATIZATION

The process of globalization has also become synonymous with recourse to the privatization and sale of state owned enterprises. This process has been reported in as high as 95 percent of the countries covered in this report, see Table 16.

The policy makers in Asia and Pacific are also found to be too fond of divesting the profit making units. More than three-fourths of the respondents have indicated such a practice in their respective countries.

Table 16
Globalization and Privatization

Sub-Regions	Yes		No		Total
	No.	%	No.	%	
East Asia					
- Privatisation	2	67	1	33	3
- Privatisation of profit making units	-	-	-	-	-
- Privatisation of loss making units	-	-	-	-	-
South East Asia					
- Privatisation	3	100	0	0	3
- Privatisation of profit making units	2	67	1	33	3
- Privatisation of loss making units	0	0	3	100	3
South Asia & Turkey					
- Privatisation	9*	100	0	0	9
- Privatisation of profit making units	6*	75	2	25	8
- Privatisation of loss making units	-	-	-	-	-
Pacifics					
- Privatisation	5	100	0	0	5
- Privatisation of profit making units	-	-	-	-	-
- Privatisation of loss making units	-	-	-	-	-
All					
- Privatisation	19	95	1	5	20
- Privatisation of profit making units	11	79	3	21	14
- Privatisation of loss making units	-	-	3	100	3

* Includes 3 from Turkey + Includes 2 Industrial countries

An unduly large emphasis on privatization and there too of the profit making units, itself a cause of concerns, is further disturbing when the process is found lacking transparency. The responses to this effect have been over 70 percent, see Table 17. Further, the trade unions have been kept un-involved in the whole process. In fact, none of the respondents has indicated the involvement of trade unions in the process of privatization.

The process of privatization was not even found carrying provisions for the safety of jobs of the workers of the concerned units. Three-fifths of the respondents indicated such a lack. The situation is also not dissimilar either for the privatization accompanying the same working conditions, 68 percent of the respondents indicated that the privatized units are not carrying the same working conditions.

The only redeeming feature, however, is that three-fourths of the respondents have indicated that the privatized units continue to be in operation. The number of responses, however, is relatively small.

Table 17
The Mode of Privatization and Job Security

Sub-Regions	Yes		No		Total
	No.	%	No.	%	
East Asia					
- Transparent	1	50	1	50	2
- Involved trade unions	0	0	2	100	2
- Carried provision for workers' job security	1	50	1	50	2
- Privatised Units Carry Same Working units	0	0	2	100	2
- Privatised Units in operation	3	100	0	0	3
South East Asia					
- Transparent	1	33	2	67	3
- Involved trade unions	0	0	3	100	3
- Carried provision for workers' job security	1	33	2	67	3
- Privatised Units Carry Same Working units	2	67	1	33	3
- Privatised Units in operation	2	67	1	33	3

(continue on page 25)

South Asia & Turkey					
- Transparent	0	0	9*	100	9
- Involved trade unions	0	0	9*	100	9
- Carried provision for workers' job security	4	57	3*	43	7
- Privatised Units Carry Same Working units	2	22	7**	78	9
- Privatised Units in operation	4	100	0	0	4
Pacifics					
- Transparent	3++	60	2	40	5
- Involved trade unions	0	0	5++	100	5
- Carried provision for workers' job security	1+	20	4+	80	5
- Privatised Units Carry Same Working units	2+	40	3+	60	5
- Privatised Units in operation	2+	40	3+	60	5
All					
- Transparent	5	26	14	74	19
- Involved trade unions	0	0	19	100	19
- Carried provision for workers' job security	6	37	10	63	16
- Privatised Units Carry Same Working units	6	32	13	68	19
- Privatised Units in operation	11	73	4	27	15

2.6 CONCLUDING REMARKS

Has the globalization been helpful to the workers and their families? The foregoing analysis of the responses does point out a rather alarming situation. Increasing informalization of the work is accompanying a rising unemployment. There is an increase in investment including the one from overseas. This investment is in the banking and financial sector, speculative purposes, real estates and acquisition of local enterprises. Majority of these avenues of investment carry a destabilizing factor.

The process of globalization is also leading to the dismantling of the industrial structures created in many of the countries. The privatization and divestiture of the state owned enterprises is being pursued in many of the countries. The process, however, is largely non-transparent and has not involved the trade unions.

The social safety nets needed to provide the necessary protection and safe guards are conspicuous with their absence. Further, the process of globalization is reducing the organized labor and consequently the trade union membership.

Chapter 3

The Balance Sheet of Globalization

3.1 THE GLOBAL PERSPECTIVE

"The real wealth of a nation is its people. And the purpose of development is to create an enabling environment for people to enjoy long, healthy, and creative lives. This simple but powerful truth is too often forgotten in the pursuit of material and financial wealth", says the opening lines of the first human development report (HDR) of the United Nations Development Program in 1990. These observations occurred at a time when the policy makers and experts were all arguing forcefully for dismantling tariff and non-tariff barriers, hence giving a greater role to the private sector and the free play of market forces.

Exactly, a decade latter the HDR-1999 is found lamenting on the growing vulnerabilities of the countries of this world in the wake of globalization and free market economy. It argues that the competitive markets may be the best guarantee of efficiency, but not necessarily of equity. It puts across succinctly clear that many activities and goods that are critical to human development are provided outside the market - but these are being squeezed by the pressures of global competition. It goes on to inform that when the market goes too far in dominating social and political outcomes, the opportunities and rewards of globalization spread unequally and inequitably. It also says that concentrating power and wealth in a select group of people, nations and corporations, is marginalizing the others [HDR (1999)].

In Tanzania, a country considered as a success case of pursuing globalization and the structural adjustment programs of IFIs, did find containing the inflation to a single digit and managed economy grow by 4 per cent for years. These achievements, notwithstanding, 50 percent of the population is surviving on a dollar or less a day. Famine is the persistent threat to over 40 percent of the population. The school enrollment fell from 93 percent in 1993 to 68 percent in 2000 [WB (2000)].

The riots broke out in April 2000 in Bolivia owing to the fact that the multinational consortium had planned to raise the water charges. The country of Haiti after lifting the trade barriers in 1986 found its rice industry buried under the cheap imports of subsidized rice [WB (2000)]. In India, despite the growth in the GDP for about a decade and significant rise in the contribution of the industrial sector to the national economy, the process of opening up starting in 1990 found 600, 000 small units and 125,000 medium and large units as being declared sick. The employment growth in the organized sector has been less than half of a percentage point [ICFTU-APRO (2000b)].

The inequitable distribution of opportunities, no wonder, today is responsible for more than 80 countries of this world having per capita incomes lower than a decade ago. It should be of no surprise then that the "Sienna Declaration" goes on to say "rather than leading to economic benefits for all people, it (economic globalization) has brought the planet to the brink of environmental catastrophe, social unrest that is unprecedented, economies of most countries are in shambles, an increase in poverty, hunger, landlessness, migration and social dislocation" [IFG (2000)].

3.2 THE ASIAN CRISIS

The phenomenal growth of East and South East Asia in the post world war II era has been the greatest success story of the sustained economic growth. The region witnessed rapid increase in the per capita income, reduction in income inequalities, and substantially improved human welfare and human development indicators. The success was attributed to the stable governments, higher returns on investment and, in the earlier phase, huge foreign direct investment. However, when the markets go out of hand and when the profit motives of market players get out of hand, the "boom" can instantly turn into "bust". The East and South East Asian crisis of 1997-99 has amply demonstrated this.

This crisis resulted in the massive contraction of the affected economies, nose diving of the stock markets, surging bankruptcies, enterprise closures and investors' stampede. Thus bringing a heavy toll on the workers and their families. More than twenty million workers lost their jobs in span of few months, and the population falling in the poverty trap was over 60 million. The impact on employment can be gauged by the Thai example. In 1996, ten largest employers' organizations requested the Thai Government to legalize the employment of illegal migrant workers as they are facing severe labor shortages especially in those activities where Thai workers are not willing to participate. A year latter, the level of unemployment was two million [for details, see ICFTU-APRO(2000b)]. The crisis also plunged a-third of global economy into recession. The world lost about \$2 Trillion in the global out put during 1998-2000.

Why from "boom" to "bust"? The crisis is attributed largely to the blind pursuit of the free market economy accompanying deregulation, privatization, and opening up of the capital markets. But these all happening without evolving and enforcing standards, bringing transparency and ensuring accountability. The opening and further liberalization of the capital markets without prudential regulations, and ensuring good governance of the banking and corporate sector, led into a dramatic change in the pattern of foreign capital inflows as well as in the pattern of investment. An unduly large proportion was found going into the real estates, speculations and in un-sustainable projects. The capital raised abroad and that too on short-term basis was being increasingly used either on projects having longer gestation period or were non-viable. Thus, creating a maturity mismatch. The short-term debt liabilities

reached the volatile levels i.e. far exceeding the foreign exchange reserves of many of the crisis-hit countries [for details, see ICFTU-APRO (2000a & b)]. The lack of participation of the stakeholders on matters affecting lives of their families and future generations, and an unduly large emphasis on growth maximization but ignoring social dimensions also had the share in exacerbating the crisis, social and economic.

The cause of concerns is the rapidity of the occurrence of the financial crisis, their magnitude and their spread - the contagion effect and this phenomenon largely remaining unaddressed in terms of plugging the loopholes, containing the dangerous flow of the capital, reforming the international financial architecture and even reforming IFIs and making them more participatory and transparent. Still, adequate measures have not been taken to arrange liquidity, should there occurs a crisis of the magnitude of the East and South East Asia of 1997.

3.3 THE REGIONAL PERSPECTIVE - SUMMARY OF SURVEY FINDINGS

The globalization is leading into the closure of indigenous industrial structures created with decades of efforts and pumping substantial finances, quite often on the borrowed money mostly raised abroad. Thus implying that the burden of debt servicing liability will be continued. In a large number of the Asian Pacific countries, this process is bringing investment but the direction of foreign investment is towards the banking and financial sector, speculations and in acquiring the local enterprises. The foreign direct investment, it may be pointed out here, is also taking place but the beneficiary countries are not large.

The process of globalization has led into a rise in the GDP, see Table 18. The same table, however, informs that this rise as well of the investment has neither positively impacted the employment situation nor wages and working conditions. There has been a rise in the unemployment in all the sub-regions in Asia and Pacific, namely: East Asia, South East Asia, Middle East, South Asia and Pacific. Further, those continuing with their employment are finding a decline in their real wages.

This rise in unemployment is also accompanying an increasing informalization and casualization of the work. It has been indicated in section 2.3 of chapter 2, that the availability of collective bargaining to the participants of this sector is conspicuous with absence. Further, this sector has lower wages but longer working hours. Hence, an increasing marginalization of the marginalized is taking place in many of the countries in the Asian Pacific region, see Tables 11 & 12.

Privatization and sale of state owned enterprises is in full swing. This process, however, is largely found to be non-transparent. Hence, implying that the assets of the countries are being sold out at through away prices. This concern is exacerbated further by noticing an

Table 18

A Balance Sheet of Globalisation: Summary Statistics

Affiliates	A Tia I Mua	NZCTU	FTTA (Tonga Islands)	FTUC	ACTU	FKTU	HKTUC	HKCTU	CFL	TURK-IS	KESK	HAK-IS
Rise in GDP	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y	Y
Rise in Wages	N	N	N	N	Y	N	N	N	Y	N	N	N
Rise in Investment	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y
Closure of Domestic Industry	Y	N	Y	Y	Y	Y	N	N	N	Y	Y	Y
F.I. Speculative	N	Y	0	Y	Y	Y	Y	Y	N	Y	Y	Y
F.I. in Imports, Trade	Y	Y	0	Y	Y	Y	N	0	Y	Y	Y	Y
F.I. in Services	Y	Y	0	Y	Y	Y	Y	Y	Y	Y	Y	Y
Impact on Employment	Y	L.S.	Y	Y	L.S.	Y/L.S.	Y	Y	L.S.	Y	Y	Y
Rise in Contract/IFS Emp.	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Ratification (87 & 98)	Y	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y
Decline in Membership	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y
Privatization	Y	Y	Y	Y	Y	Y	0	N	Y	Y	Y	Y
Privatization & T.U. Involvement	N	N	N	N	N	N	0	N.A.	N	N	N	N
Privatization Transparent	Y	Y	N	N	Y	N	0	N.A.	Y	N	N	N
Same Working Conditions	Y	Y/N	N	N	N	N	0	N.A.	N	N	N	N

A Balance Sheet of Globalisation: Summary Statistics

Affiliates	FPSI Reformasi*	NTUC	MTUC	LCT	JSP	HMS	INTUC	NTUC (Nepal)	PNFTU	APFOL	Yes	No
Rise in GDP	Y	Y	N	Y	Y	Y	Y	N	Y	Y	18	4
Rise in Wages	N	Y	N	N	N	N	N	N	N	N	3	19
Rise in Investment	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	21	1
Closure of Domestic Industry	Y	N	Y	Y	N	Y	Y	N	Y	Y	15	7
F.I. Speculative	Y	Y	0	Y	N	Y	Y	0	N	N	15	5
F.I. in Imports, Trade	Y	Y	0	Y	N	N	N	0	N	N	12	7
F.I. in Services	Y	Y	0	Y	Y	Y	Y	0	Y	Y	20	0
Impact on Employment	Y	Y/L.S.	Y/L.S.	L.S.	Y	Y	Y	Y	Y	Y	18	4
Rise in Contract/IFS Emp.	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	22	0
Ratification (87 & 98)	Y	N	N	N	Y	N	N	N	Y	Y	14	8
Decline in Membership	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	20	2
Privatization	Y	N.A.	Y	Y	Y	Y	Y	Y	Y	Y	19	1
Privatization & T.U. Involvement	N	N.A.	N	N	N	N	N	N	N	N	1	18
Privatization Transparent	N	N.A.	N	Y	N	N	N	N	N	N	5	14
Same Working Conditions	Y	N.A.	Y	N	N	Y	Y	N	N	N	6	13

Note: "0" indicates No response, "*" Friendly organization, "L.S." Labor Shortages, "N.A." Not Applicable, "P" Partial — In case of FK TU, "y" implies availability of right to organize and collective bargaining but Convention not ratified, while in case of CFL, rights available but not a member of ILO.

absolute absence of the democratically elected representatives of the workers in the whole process. The mere fact that this process will affect the workers adversely should have made the policy makers realize the need for an effective integration of their representatives. The situation on the ground is quite contrary. In fact, the trade unions have not been consulted in this process in the region. No wonder, majority of the responses have been negative in terms of the privatized units having the same working conditions.

The ongoing process of informalization of the work opportunities, privatization and sale of state owned enterprises is leading to yet another development - a decline in the membership of the trade unions. Many countries in the region have not ratified the Core Labor Standards. Even a significant number of countries are as yet to ratify the ILO Conventions 87 and 98. This small number of ratifications also largely remains un-implemented as quite often they have not been followed by the necessary legislation! No wonder, globalization is being made synonymous to exploitation especially of the workers' fundamental rights.

3.4 CONCLUDING REMARKS

Globalization, had been supported earlier on the grounds that the process will be working for the people, bringing welfare to them, reducing the number of global "have nots", reducing the social exclusion, carrying the ethics as manifested in the form of lesser violations of human rights, and reducing the disparities between countries and regions. These visualizations, however, overlooked striking disparities prevailing between the South and North.

The richest fifth of the globe had in late 1990's a share of 86 percent, 82 percent, 93.3 percent and 68 percent respectively in the world's GDP, foreign direct investment, internet users and the exports of goods and services. The developing countries including the ones emerging had, as indicated in section 1.2 of chapter 1, stood nowhere to the industrialized countries in terms of: size of economies, capital markets, financial institutions and multinationals.

No wonder, the world today is witnessing about 80 countries having a per capita income lower than of a decade earlier, and those managing to grow are displaying greater disparities between different regions in their own countries.

Did the process of globalization benefit any? The world's riched, about 200, found their net worth in the period of 1994-98 exceeding \$ 1 Trillion! The assets of top three billionaires are more than the combined GNP of all the least developed countries and their 600 million people [HDR (1999)].

The globalization can be beneficial provided it accompanies: 1) level playing fields, 2)

grater transparency and accountability, 3) good governance of the corporate sector and financial institutions, 4) integration of social development in the process, 5) effective bi- & tri-partism, and 6) a demonstrated respect for the fundamental human and trade union rights as manifested in the form of international core labor standards.

Chapter 4

Humanizing Globalization

4.1 HUMANIZING GLOBALIZATION: THE QUESTION OF GOVERNANCE

The poor and often corrupt governance has been a matter of serious concerns in many of the countries in Asia and Pacific. In fact, it has emerged as the common denominator. Of late, 60 percent of the cabinet posts, for instance, had the incumbents from the business background in Thailand. The nexus of government-chaebols-banks almost became synonymous with the governance in Korea [ICFTU-APRO (2000b)].

The situation is no different either in other countries. In case of Malaysia, for instance, the corrupt politicians have been making short-term profits but at the cost of sacrificing the long-term gains in productivity and efficiency. Stronger businesses have been and are being killed in favor of those linked with the powerful politicians.

Mismanagement, misuse of power and corruption has been advanced as one of the major reasons for the removal and change of successive governments in Pakistan for over a decade. In India too, political instability deepened during 1995-99 period. The country during this period saw the dissolution of three Parliaments and five Prime Ministers.

The formal and/or informal close ties of the Government with the capitalist class and putting them in the commanding positions for rapid industrialization have been the hallmark of many in the region. The banking system was asked to provide liberal finances at times at the negative interest rate. No wonder, non-performing loans surged!

On yet another plane, the bargaining power and influence of the multi national corporations (MNCs) has tremendously increased in the wake of globalization. With all their might, the MNCs are successfully convincing the host countries that labor standards and workers' rights' clauses will drive away the investors.

And whatever reforms are taking place, say the structural adjustment and stabilization programs of IFIs, there is little transparency and almost nil participation of the stakeholders and the concerned civil society. There is also a lack of consistency, credibility, conviction and accountability. The participation of social partners is not in policy formulation, but only in the implementation stage and of insignificant nature. The documents and correspondence with the IFIs, despite the claims of greater information and transparency, are not available to the public. In case of India, for example, such documents are usually not made public and considered top secret [ICFTU-APRO (2000b)]. The situation in other

countries of the region is no different either.

The IFIs, of late emerging as the important player in the decision making of a large number of countries, continue with their indifference to the needs and welfare of the working people especially in their country programs. They are still hesitant to make their policies and programs more transparent, and share with those interested. Seldom, they integrate the representatives of trade unions and civil society in their whole project cycle. The integration of social dimensions as an important component of their programs as yet has to be clearly demonstrated by them.

4.2 HUMANIZING GLOBALIZATION

The globalization, despite the recent bitter experience, can be humane. It can be beneficial and helpful in ensuring a decent work. It can also facilitate in mainstreaming the "have-nots". This is, however, contingent upon observation of international standards and fully respecting workers' rights. It is only unions, which can ensure this process of humanizing globalization duly ensuring that the jobs are meaningful, productive and improving the living standards of the workers across the globe.

The privatization of the state owned enterprises is not a panacea for the ills confronting the public sector enterprises. In case privatization is deemed necessary, it should be ensured that:

- (i) countries have done proper valuation of assets;
- (ii) there is a balance between disposing of profit and loss-making units;
- (iii) the process of privatization is transparent;
- (iv) new owners are genuine entrepreneurs and are neither crony capitalists nor the real estate developers;
- (v) proceeds of privatization are used for debt retirement and social development; and
- (vi) conditions of work and size of employment of the privatized units remain unchanged and is altered only through collective bargaining.

Looking at the fall out of capital movement, the proposal of the labor movement for imposition of control on capital flows by countries as their legitimate right for protecting their economy, currency and people merit due consideration. In this connection, the condition of staying of foreign capital for a minimum of two years needs to be duly considered.

Considering the fact that the crisis may occur in future as well, there is a need to make suitable arrangements for the provision of necessary liquidity should there arises a need. The earlier experience with a full reliance on the IMF has been catastrophic for the crisis-hit countries in Asia. Hence, the need for a regional funding agency, working in cooperation

with IFIs especially the IMF, is clearly warranted. This new regional agency needs to cater the dual purpose. It will, besides addressing the liquidity issues, address the establishment of the SSNs in a phased manner in the Asian Pacific region. The proposal of ICFTU-APRO for the establishment of "dual-purpose" Asian Partnership Fund should (APF) draw adequate attention of the policy makers of the region.

The social priorities will have to be increasingly integrated in any program designing and implementation. This can be adequately attended to by a full reliance on the "social dialogue" and inviting representatives of the workers, the trade unions, for policy making, and program designing and monitoring its implementation. The emphasis on growth maximization should be fine-blended with employment maximization and social justice. This requires a vigorous pursuit of the active labor market policy (ALMP). Which implies an adequate focus on employability of the workforce to be ensured through training, retraining, labor market monitoring, employment counseling, vocational guidance, and if the need be, by resorting to direct employment creation programs.

In fact, proper development and effective utilization of woman/manpower as manifested in the form of a readily available decent work to all the able and willing to work adults should be an integral part of any macro and sectoral policy.

The social dimensions of development also demand evolving, in a phased manner, the social safety nets. The process, in the first instance, should focus on retirement and old-age benefits, unemployment allowance, retrenchment benefits, health care, and education and training provisions for workers and their children. A decent work should be considered an important component of any social policy. A functioning trade unionism at the work place, and bi- and tri-partism will be an absolute must in ensuring social dimension of development.

The on-going efforts on reforming the international financial architecture should result in a functioning mechanism in terms of transparency, greater information, better regulations and enforcement of banking and financial standards. An important component will be to reform the IFIs by making them more transparent and participatory.

A protection to the production structures in developing countries. This would, however, have to be coincided with a faster growth of domestic market and bringing efficiency in the use of factors of production.

A social clause. It should be integrated in the international trade and investment. This would ensure:

- (i) raising the education and training level, and competence of workers;
- (ii) full respect to the internationally recognized Core Labor Standards; and
- (iii) good governance.

This would forestall any blackmailing of workers by the employers. It will also act as deterrence in their efforts to move out and go to other countries. Further, it will ensure sustainable development, enhance workers' income and improve living conditions.

4.3 CONCLUDING REMARKS

The process of globalization is on trial. Years of negotiating rounds culminating in the signing of the Marrakech agreement and the consequent birth of the World Trade Organization (WTO), heralded as bringing a new era in terms of global prosperity and welfare of the people. All has gone wrong. The events as folded in the second half of the 1990's have clearly demonstrated that the financial and economic liberalization without building and strengthening institutions and mechanisms to monitor and ensure fair practices could play havoc.

The losses of globalization substantially out weigh the gains. Indeed, the process of globalization grossly lacks employment considerations. This has been clearly demonstrated by the Asian crisis and the situation in a large number of countries. The on-going process of massive restructuring, mergers and acquisitions, especially by the MNCs, and the consequent downsizing have led to deteriorating employment, working and living conditions across the globe. In the developing world, the number of enterprise closures and sick industries has multiplied during the past couple of years. Such practices and the very process of globalization, have added tens of millions to the already unemployed, and at least three times of these newly unemployed have been an addition to the global poor. The labor movement has never visualized such an outcome of the process of globalization.

The experience in the region has clearly demonstrated that the privatization per se is not a panacea for public sector ills. Further, provision of public goods and services can not be left alone to the whims of free market forces, and more so in the developing countries. Hence, Governments cannot be absolved of the responsibilities of the provision of basic health services, basic amenities of life, elementary education and social safety nets.

The challenges confronting us today in the wake of globalization and free market economy demand concrete steps in the direction of: 1) strengthening financial market supervision and regulation, 2) improving infrastructure reforms, 3) transparency and market discipline, 4) evolving effective regulatory mechanism, 5) introducing uniform international accounting standards, 6) reforming parliamentary democracy and civil service, and 7) promoting good practices in the area of governance including bi- and tri-partism. These are also critical to the success of economic and public sector reforms. Thus, the trade union movement - national, regional and global - will have to take up these matters increasingly and on priority basis.

The trade unions can no longer leave matters so crucial to the working and living conditions of workers, and having an impact also on the future generations at the whims of a faceless free market economy, the bureaucracy, national and of IFIs, and the politicians? Hence, they have to increasingly exert their influence on the very process of policy and decision-making. Thus, the engagements with policy makers and also IFIs on economic and social areas, fiscal and monetary issues, and SASPs should appear high on their agenda - this is a pre-requisite for humanizing globalization.

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**ICFTU-APRO Survey on:
"The Losses and Gains of Workers Through Globalisation:
A Balance Sheet"**

QUESTIONNAIRE

PART A

The following questions are being asked to ascertain the nature and extent of the impact of globalisation on workers, working conditions, industrial relations and economic developments in your country.

It is in the form of "Yes" or "No" and for comparisons take the year 1999 and 1995 (Please ignore the crisis situation of 1997 and 1998).

ECONOMIC ACTIVITIES AND INVESTMENT

- | | | |
|--|--|--|
| • Has there been an increase in the GDP due to globalisation i.e. during last five years. | <div style="border: 1px solid black; padding: 2px 10px;">Y</div> | <div style="border: 1px solid black; padding: 2px 10px;">N</div> |
| • If Yes, whether it has also resulted in increased real wages for the working people in your country. | <div style="border: 1px solid black; padding: 2px 10px;">Y</div> | <div style="border: 1px solid black; padding: 2px 10px;">N</div> |
| • Has there been an increase in the annual turn over of | | |
| – all industries | <div style="border: 1px solid black; padding: 2px 10px;">Y</div> | <div style="border: 1px solid black; padding: 2px 10px;">N</div> |
| – export-oriented sector | <div style="border: 1px solid black; padding: 2px 10px;">Y</div> | <div style="border: 1px solid black; padding: 2px 10px;">N</div> |
| – banking and financial sector | <div style="border: 1px solid black; padding: 2px 10px;">Y</div> | <div style="border: 1px solid black; padding: 2px 10px;">N</div> |
| – other | <div style="border: 1px solid black; padding: 2px 10px;">Y</div> | <div style="border: 1px solid black; padding: 2px 10px;">N</div> |
| • If Yes, whether the increase has accompanied | | |
| – rise in real wages | <div style="border: 1px solid black; padding: 2px 10px;">Y</div> | <div style="border: 1px solid black; padding: 2px 10px;">N</div> |
| – rise in employment | <div style="border: 1px solid black; padding: 2px 10px;">Y</div> | <div style="border: 1px solid black; padding: 2px 10px;">N</div> |
| – decline in employment | <div style="border: 1px solid black; padding: 2px 10px;">Y</div> | <div style="border: 1px solid black; padding: 2px 10px;">N</div> |

- Has the foreign investment led into

- Closure of local (National) enterprises

☐ Y

☐ N

- Establishment of local subsidiary

☐ Y

☐ N

- Establishment of new production line

☐ Y

☐ N

- Acquisition of local production

☐ Y

☐ N

- Whether there has been a change in the nature of foreign capital in flow

☐ Y

☐ N

- If the answer is Yes, whether it has been in the direction of

- direct investment

☐ Y

☐ N

- Speculative/portfolio investment

☐ Y

☐ N

- real estate

☐ Y

☐ N

- manufacturing

☐ Y

☐ N

- services

☐ Y

☐ N

- imports and trading

☐ Y

☐ N

LABOUR MARKET, EMPLOYMENT AND WORKING CONDITIONS

- The globalisation, in your opinion, has created

- more unemployment

☐ Y

☐ N

- labour shortages

☐ Y

☐ N

- no impact on employment situation

☐ Y

☐ N

- The globalisation, in your opinion, has changed the work/employment pattern

☐ Y

☐ N

- If the above is Yes, please state whether it has

– led to more contract work

☐ Y

☐ N

– led to more sub-contracting (out-sourcing of work)

☐ Y

☐ N

– led to more home-based work

☐ Y

☐ N

- Please state whether the workers of contracted/outsourced work

– have the wage levels similar to the one in the organised sector

☐ Y

☐ N

– have the right to organise

☐ Y

☐ N

– do the collective bargaining

☐ Y

☐ N

- If the globalisation has created more unemployment, whether their exist

– unemployment allowance

☐ Y

☐ N

– retrenchment allowance

☐ Y

☐ N

– training and retraining facilities

☐ Y

☐ N

– job placement services

☐ Y

☐ N

- If the globalisation has created labour shortages, how they are met

– by restructuring of production system

☐ Y

☐ N

– by immigration

☐ Y

☐ N

- If through immigration whether the migrant workers have

– job security

☐ Y

☐ N

– right to organize

☐ Y

☐ N

– collective bargaining	<input type="checkbox"/> Y	<input type="checkbox"/> N
– retrenchment/severance allowance	<input type="checkbox"/> Y	<input type="checkbox"/> N
– led to a reduction in the overall level of wages	<input type="checkbox"/> Y	<input type="checkbox"/> N
– wages similar to local workers	<input type="checkbox"/> Y	<input type="checkbox"/> N

• Whether the globalisation has

– led to a reduced wage level	<input type="checkbox"/> Y	<input type="checkbox"/> N
– reduced the employers' CPF contribution	<input type="checkbox"/> Y	<input type="checkbox"/> N
– marginalised women workers	<input type="checkbox"/> Y	<input type="checkbox"/> N
– enhanced the casualisation of work	<input type="checkbox"/> Y	<input type="checkbox"/> N
– reduced job security	<input type="checkbox"/> Y	<input type="checkbox"/> N
– led into an increase in the informal sector	<input type="checkbox"/> Y	<input type="checkbox"/> N
– resulted in an increasing incidence of child labour	<input type="checkbox"/> Y	<input type="checkbox"/> N
– adversely affected occupational health and safety measures	<input type="checkbox"/> Y	<input type="checkbox"/> N
– led into increased working hours	<input type="checkbox"/> Y	<input type="checkbox"/> N

LEGAL FRAMEWORK, INDUSTRIAL RELATIONS AND TRADE UNIONS

• Whether all the core labour standards have been ratified *	<input type="checkbox"/> Y	<input type="checkbox"/> N
• If No, whether ILO convention No. 87 and 98 have been ratified	<input type="checkbox"/> Y	<input type="checkbox"/> N

* i) Freedom of Association and the Protection of Right to Organise, ILO Convention No. 87, (ii) Right to Organise and Collective Bargaining, ILO Convention No. 98, (iii) Forced Labour, ILO Convention No. 29, (iv) Abolition of Forced Labour, ILO Convention No. 105, (v) Equal Pay for Work of Equal Value, ILO Convention No. 111, (vi) Discrimination in Employment and Occupation, ILO Convention No. 100, and (vii) Minimum Age of Employment, ILO Convention No. 138.

- Whether the ratified conventions

- have been followed by enactment of necessary laws

☐ Y

☐ N

- are applicable to all the work places

☐ Y

☐ N

OR

- Applicable to the workers in the organised sector

☐ Y

☐ N

OR

- Applicable to a part of the workers in the organised sector

☐ Y

☐ N

- Has there been a change in legal provisions related to industrial relations, trade unions and collective bargaining due to globalisation

☐ Y

☐ N

- If the answer is Yes, please indicate whether it has

- Limited the scope of trade unions

☐ Y

☐ N

- Affected collective bargaining

☐ Y

☐ N

- Made organisation procedure difficult and cumbersome

☐ Y

☐ N

- Led into creation of Special Industrial Zones/Export Processing Zones/Free Trade zones

☐ Y

☐ N

- Has globalisation affected membership

- If Yes, whether it has reduced the trade union membership

☐ Y

☐ N

PRIVATISATION AND SALE OF STATE OWNED ENTERPRISES

- Has globalisation led into privatisation of state owned enterprises ☐ Y ☐ N

- If Yes, whether the sell out has been of
 - All the units ☐ Y ☐ N
 - Mainly profit-making units ☐ Y ☐ N
 - Mainly loss making units ☐ Y ☐ N

- Who are the new owners
 - Local ☐ Y ☐ N
 - Foreigners ☐ Y ☐ N
 - Both ☐ Y ☐ N

- What has been the use of proceeds of privatisation
 - Debt retirement ☐ Y ☐ N
 - Meeting current expenditure ☐ Y ☐ N
 - Meeting development expenditure ☐ Y ☐ N
 - Social development ☐ Y ☐ N

- Whether the mode of privatisation has been
 - Transparent ☐ Y ☐ N
 - Involved Trade Unions ☐ Y ☐ N
 - Carried provisions for Job security of workers ☐ Y ☐ N

- Whether the privatised units are
 - In operation ☐ Y ☐ N

– Closed down

☐ Y☐ N

• If in operation, whether

– The production has increased

☐ Y☐ N

– Employment level has increased

☐ Y☐ N

– Employment level has decreased

☐ Y☐ N

• If it has led into a decrease in employment, whether

– Retrenched workers were given retrenchment allowance

☐ Y☐ N

• Whether the privatised units' workers have the

– Same working conditions

☐ Y☐ N

– Job security

☐ Y☐ N

– Old age benefits

☐ Y☐ N

– Trade unions

☐ Y☐ N

Name and address
of the affiliate _____

Tel: _____

Fax: _____

E-mail _____

Date: _____

**ICFTU-APRO Survey on:
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QUESTIONNAIRE

PART B

This part is intended to get your feedback back on certain issues, and aspects of development and governance. You are requested to use key words.

- In your opinion, how we can ensure respect to CLS in an enterprise.

- In your opinion, how the governments can be motivated to ratify and implement all CLS.

- How to ensure workers' solidarity and strengthening of Trade Union movement,
— nationally, regionally and globally.

- How to make an employer responsible towards workers' welfare, job security and old age benefits.

- What are, in your opinion, measures needed to ensure the minimisation of speculative flow of capital.

- How to eliminate crony capitalism.

- How to enhance the skills and competence of workers.

- How to make organisation work more effective.

- What are the steps needed to protect jobs.

Name and address
of the affiliate

Tel: _____

Fax: _____

E-mail _____

Date: _____

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