TUAC EVALUATION OF THE OUTCOME OF THE G8 OKINAWA SUMMIT
-- July 2000
Overview

1. Hosting the Okinawa G8 Summit, the government of Japan billed it as a summit focussed on development issues and information technology. It also made clear its intention to give the Summit an Asian focus. With the economic prospects in the G8 countries, apart from Japan, looking relatively favourable, less attention was given to the macroeconomic situation in the industrialised countries themselves. As the memory of the financial crisis of 1997 for some at least, fades, one message was that the financial architecture has now been “fixed”. Coming on the heels of the failed Seattle Ministerial meeting of the WTO, the Summit, despite prior statements to the contrary did little to increase the prospects of an early resumption of negotiations on a new trade round.

2. The G8 “leaders” in the final communiqué set and re-affirmed previous ambitious targets for health and education improvements in developing countries and announced efforts to implement the 1999 Cologne G8 agreement for debt relief for the poorest countries. However, given the failure to deliver past promises on debt relief and the lack of clear commitment of new resources, the significance of these targets has been greeted with scepticism.

3. The Summit also agreed an “Okinawa Charter on Global Information Society”. This draws on recommendations made by business through the Davos World Economic Forum, but due to pressure exerted by TUAC affiliates, the Charter does now also emphasise social issues and calls for a “partnership approach” by government, the private sector and civil society to avoid the development of a “digital divide” both within and between countries. However this initiative is short on specifics of how to embody IT in development or investment strategies and the implications for workplace change. The Charter announces the creation of a “Digital Opportunities Taskforce (dot force)” to explore how best to secure the participation of stakeholders. It is essential that in the G8 countries, trade union centres use their influence to ensure effective trade union representation on the Taskforce.

4. Trade union leaders from the G8 countries held consultations with the summit host, Prime Minister Mori, prior to the Summit. The trade union delegation, in submitting its written statement, had six central objectives:

   -- To achieve a significant breakthrough on debt relief and poverty reduction;

   -- To obtain from the Summit a message on the need to sustain growth on a global basis so as to achieve full employment;

   -- To establish a clear commitment to guarantee core labour rights;

   -- To ensure a socially balanced approach to the introduction and development of information technology;
-- To ensure across a range of areas commitment to participatory strategies and trade union involvement;

-- And to widen public participation in the debate on reform of the financial market “architecture”.

Although some of the language in the communiqué reflects these concerns and repeated attention is given to the need to reduce world poverty, there is a lack of clarity as to how objectives are to be implemented in practice and how they are to be financed. The overall impression therefore is scepticism.

**Debt and Development**

5. Special attention was called for in three areas of development policy:- debt, health and education (paragraph 21). However, what was disturbing was the failure to propose anything new to break the logjam on debt relief for the poorest countries. The 1999 Cologne G8 Summit set the target of achieving $ 100 billion dollars debt relief for the 40 Highly Indebted Poorest Countries (HIPC). Since that time only Uganda has actually benefited from debt relief. The G8 Okinawa Summit communiqué reflecting the more detailed G7 statement (G8 minus Russia) says that nine countries have reached their “Decision Point” for debt relief and that they will “strengthen their efforts” to ensure that a total of 20 countries will reach this point by the end of this year. Given the failure of the HIPC initiative so far and the lack of any tangible agreement in Okinawa, there must be great concern as to whether the target countries will actually benefit in the foreseeable future. Against this background, Okinawa’s lack of action on debt relief was strongly criticised by development NGO’s and the “Jubilee 2000” coalition as a “step backwards” and representing “nothing new”.

6. The G8 set out ambitious targets in the other development areas where they call for special attention. On health, the objective is a 25% reduction in HIV/Aids infection among young people and a halving of tuberculosis deaths and malaria-associated diseases by 2010. On education, the goal was set for achieving universal primary education by 2015 and gender equality in schooling alongside the continuation of poverty reduction targets of 50% by 2015. These targets are highly desirable, but, with no indication of serious multilateral aid increases or debt relief, there is no credible sign that resources will be forthcoming to make them a reality. This assessment was backed up by criticism during the Summit by the UN Secretary-General who in press articles criticised the G8 Leaders for too many promises and too little action.

**Growth and Jobs**

7. The growth and employment sections of the G8 communiqué and separate G7 Statement are short and give an upbeat forecast, for both industrialised and emerging economies, though continued vigilance and further action is called for to sustain it. Reflecting Japan’s intention to give the Summit an Asian flavour, the G8 communiqué notes the varying pace of recovery across Asia, calls for momentum behind financial and corporate sector reforms, and improved governance, and importantly highlights the need for a “strengthening of social safety nets” in Asia. The communiqué calls also for more “adaptable”, as opposed to flexible labour markets in G8 countries.

8. The G7 Statement includes specific regional and national policy prescriptions. The section on the US and Canada notes that growth is strong, unemployment low, and importantly that inflation is well contained. Macroeconomic policy should be geared to maintaining this situation. The one note of caution concerns the low national savings rate in the US. As to Europe, the Statement highlights strengthened growth and rising employment, omits any reference to inflation, and sees “vigorous” structural reforms as
important. Turning to Japan, the positive signs of recovery are stressed, but so is the lingering uncertainty; macroeconomic policy should continue to support domestic demand-led growth, a coded message for the continuation of the zero interest rate policy. As to the UK, policies should aim at meeting the inflation target while sustaining growth and employment.

**Strengthening the International Financial Architecture**

9. There is a shift in emphasis in the G7 Statement away from further system-wide reforms to the international financial market architecture, and the creation of generalised rules of the game for countries and enterprises wishing to participate in this, towards a more decentralised, bottom-up and piecemeal approach, focussing on what are termed abuses of the global financial system. Complacency has therefore set in, indicating that a strong push will be needed to achieve the trade union demand for fundamental reforms to the international financial system, including the IMF, and the need for an open and democratic debate around needed reforms.

10. The language on reforms directed at the IMF is weak, adding little to previous calls for enhanced and better surveillance, while the sections covering efforts to bail in the private sector for crisis prevention and resolution come close to being self-congratulatory. There is a reflection of the shift in the IMF’s role towards crisis management. In practice, little of substance has happened to bail in the private sector, and to address the moral hazard problem built into the international financial system. The section on reforms to the Multilateral Development Banks is however more positive. It calls for increased resources to be devoted to core social investments, including basic health and education, clean water and sanitation, and that full account should be taken of borrowers’ policy environments, including governance issues.

11. As to the new decentralised approach, much greater attention is now being paid to what the G7 Statement calls “Abuse of the Global Financial System”, in particular money laundering, harmful tax competition, including tax havens and offshore financial centres, and poor regulatory standards. The report of the G7 Finance Ministers meeting that preceded the G7 and G8 meetings of Heads of State fleshes out the policy approach here. Though not a comprehensive policy response to rectify the built-in failures of the financial system, the new agenda contains much that can be supported by trade unions, especially as a platform to build in a social dimension.

12. The decentralised approach continues into the language on what are termed “highly leveraged institutions” (HLIs), capital flows, and Offshore Financial Centres (OFCs). Here, the G7 has put down a marker that HLIs, including hedge funds, will be directly regulated if the recent recommendations of the Financial Stability Forum covering their activities fall short of what is required. The right of countries to strengthen their financial systems, and to choose an appropriate exchange rate system is recognised, as is the need for capital account liberalisation in a “well sequenced manner.” Those recommendations are particularly welcome, and run counter to the past orthodoxy of liberalisation as an end in itself. In response to recent calls by some Asian governments for, among other things greater regional financial co-operation, the G7 Statement agrees that intensified regional surveillance can help to strengthen national policy frameworks, and that co-operative regional financing arrangements can supplement those of the IFIs.

**Trade and Labour Standards**

13. Despite the pre-summit rhetoric, little was agreed to bring forward a resumption of negotiations on a new trade round (paragraph 36). As to the trade union demand that core labour standards should be on the agenda of any new trade round, the G8 agreed that “the objectives of such negotiations should be enhance market access, ... and ensure that trade and social policies, and trade and environmental policies are
compatible and mutually supportive” (paragraph 36). Furthermore, the communiqué section on development issues stressed “the importance of effective co-operation between the WTO and ILO on the social dimensions of globalisation and trade liberalisation”. Elsewhere, (paragraph 35) G8 leaders committed themselves to finding ways to better address the needs of developing countries, particularly the LDC’s within the WTO, and as regards any future trade negotiation. In a further reference to core labour standards the G8 welcomed the “increasing co-operation between the ILO and the IFI’s in promoting adequate social protection and core labour standards”. Going further, G8 leaders urged the IFI’s to incorporate “these standards” into their policy dialogue with member countries (paragraph 16).

**The Okinawa Charter on the Global Information Society**

14. The Okinawa Charter on the Global Information Society adopted by the G8 “leaders” represents a necessary and welcome call to both the public and private sectors to bridge the digital divide. Such a divide exists between the economies of the G8 countries and the emerging and developing economies. It also exists within all societies and economies. The Charter sets out the objective of an inclusive society. It is stated that every citizen and every worker should be enabled to participate in the benefits of the global information society, and no one should be excluded.

15. On this the Charter sets out welcome ideals of IT’s, namely “that they serve the mutually supportive goals of creating sustainable economic growth, enhancing public welfare, and fostering social cohesion, and work to fully realise its potential to strengthen democracy, increase transparency and accountability in governance, promote human rights, enhance cultural diversity”. For those ideals to become reality, universal and affordable access to information and communications networks is of key importance.

16. However, efforts to ensure easy access for all citizens and workers at the lowest price must go along with a broader set policies aimed at an effective partnership between government and civil societies, including trade unions, responsive not only to the rapid pace of technological and market developments but also to the social challenges and concerns brought about by technological change. This applies in particular to policies designed to build and strengthen further human resources through education, training and increased opportunities for life-long learning. The commitment, expressed by the adoption of the Charter, to provide all our citizens with an opportunity to nurture IT literacy and skills through education, lifelong learning and training, is pointing in the right direction. In order to realise this ambitious goal, a number of far-reaching actions are required like getting schools, classrooms and libraries online and teachers skilled in IT and multimedia resources.

17. Moreover, specific policies are required to address the need for consumer and privacy protection. These issues have not been sufficiently dealt with by the approach so far pursued of private sector self-regulation, which is inadequate.

18. In general, the rhetoric of the IT-Charter indicates a shift in the perception of challenges related to the transition towards the information society. It also points out directions of future policy approaches and strategies, and sets out a number of ambitious promises to promote the close of the digital divide. However, the suggestions made by the Charter to narrow and to bridge the digital divide between rich and poor nations in information technology skills and resources as well as in the opportunities of getting access to communication networks are rather short on details. This applies in particular to how emerging and developing economies are to seize the opportunities of IT. In order to defeat hunger, poverty and social deprivation, the promotion of global participation in the emerging information society must go along with effective development assistance and development policies.
19. Also missing are the implications of IT on the workplace and workers, and the need to re-design traditional work systems. Thus the introduction of high performance work systems combining the application and use of IT and related productivity increases, should be accompanied by the improvement of working conditions.

20. In order to tackle problems related to the transition towards the emerging information society and to design and implement adequate policies, the establishment of a high-level Digital Opportunity Taskforce (dot force) as called for by the Charter is significant. It is essential that workers’ representatives participate as key stakeholders in the Task Force. IT issues related to employment should also be discussed in greater detail at the G8 Jobs Conference to be held in Turin in November 2000.

Environment

21. The language on the environment failed to mention the three pillars of sustainable development (economic, social and environment), having instead a single focus on the environment. The G8 committed themselves to resolve outstanding problems, so as to get an early entry into force of the Kyoto Protocol (paragraph 65). As regards renewable energy supply and distribution in developing countries, G8 leaders called on all stakeholders to identify barriers and solutions in this area. The ICFTU/TUAC/ITS Health, Safety and Environment Working Party will follow up on this. The communiqué referred to OECD work on export credits and the environment, on which the TUAC is working with NGO’s to bring labour standards and social policies under the umbrella of sustainable development.

22. On biotechnology and food safety, splits among the G8 re-appeared (paragraph 56), with the US joined by the UK in pushing for a “science and rule-based approach”. Though support was expressed for the development of a precautionary approach, agreement is a long way off. In a welcome move the G8 called for a policy dialogue, “engaging all stakeholders” and countries on, among other things, the protection of health in biotechnology and food safety. The OECD was called on to undertake further work in this area. Lacking, however, was any reference to the social impacts, including employment, of biotechnological change and moves to greater food safety. TUAC will follow up on the OECD work, with a focus on employment issues, and workers’ health and safety