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No to the casino economy!

The increasingly insecure living and working conditions of millions of workers worldwide is one of the main causes of the crisis we currently face. This crisis primarily concerns the unfair distribution of wealth, which has distorted the global economy. The financial crisis, which is the result of a long process of financialisation of the economy, has further aggravated existing economic problems, in both the North and the South.

The developing countries have a huge shortage of decent jobs, since the latter are not being generated by their economic growth. This decent work crisis is compounded by the high cost of living and the impact of the world food crisis. This is leading to situations of endemic poverty. The industrialised countries are not immune either: the number of working poor in the United States rose sharply over the eight years of the Bush administration. In Europe, wage moderation - despite the rise in both inflation and productivity- has reduced purchasing power.

Almost all countries have increasingly insecure employment conditions, with a casualisation of the employment relationship and a deregulation of labour markets. We face a poverty crisis, certainly, but also, and above all, a crisis based on blatant inequalities, which have become intolerable from both a social and economic viewpoint. The neo-liberal policies of the last 20 years have reached their limit, since, for the aforementioned reasons, impoverished workers are no longer consuming enough to keep the economy running.

The United States is the largest consumer in the world and the reduction of the real purchasing power of its middle class has repercussions well beyond its borders. The high level of consumption in the US was sustained not through wages but through credit. As a result US workers spent beyond their means and become indebted. The ease with which mortgages could be obtained, including for the poorest families via the *subprime* mortgages, relied on the price of houses, which was pushed artificially high by a speculation bubble. Complex financial products were created in order to pass on these "toxic assets" to the financial markets.

The relentless pursuit of short-term profits, against a background of reckless economic and financial liberalisation, is what chiefly characterises today's financial markets. Casino capitalism is largely responsible for the extension of the crisis to the whole planet. The financial markets have

become a source of easy money and no longer fulfil their main task of financing the real economy. During the last few decades, speculation on financial markets has provided much better opportunities for short-term profit than providing loans to companies willing to innovate, win new markets or create decent jobs. As a result, workers' futures have been sacrificed to feed the offshore bank accounts of some unscrupulous speculators. Governments and the international institutions have closed their eyes, adopting the "laissez faire" principle in its most literal sense, and as such have been accomplices.

The other key aspect of this crisis relates to the excessive opening of markets and non-intervention by states. By way of example, China has managed to accumulate huge reserves that are allowing it to finance the US debt. Chinese workers, who are not allowed the freedom to form unions to defend their collective interests, have made spectacular increases in their productivity levels over the last 20 years. They work on 21st century machines but are paid 19th century salaries! This globalisation has pitted the workers of the North against those of the South to the benefit of the multinationals and private investment funds whose profits have continuously increased.

Huge imbalances have also developed between the financial sector and the real economy, between rich and poor countries, between overpaid managers and underpaid workers. Inequalities between men and women have remained large. And the policies of repression and discrimination against trade unionists, which have contributed to the process of wealth concentration, have directly reduced the bargaining power of workers compared to that of their employers.

Whilst the current crisis is financial, economic and social, it also has an environmental dimension. It has become clear that our planet's resources will not cope with the extension of the consumption model of the industrialised countries to the rest of the 6 billion people that inhabit it. That is compounded by the effects of climate change, which are forcing us to take collective measures to reduce greenhouse gases. There are glaring inequalities here too, since the poor peoples are suffering more acutely from the negative impact of climate change. The measures taken need not only to be environmentally efficient but also socially just.

What model can we put forward to get out of this multifaceted crisis?

This crisis is proof of the unsustainable nature of the neo-liberal policies adopted in the last few decades, which have promoted the deregulation and liberalisation of markets and the privatisation of public services. This market fundamentalism has concentrated wealth whilst thumbing its nose at global public goods such as the environment, health, social protection, food safety and, indeed, global financial stability.

The current recovery plans are necessary, but insufficient. It is not enough to inject money into the economy, we need to change its principles to

make sure it generates social justice, development for all, equity, stability and long-term prosperity.

Tomorrow's world will no longer have a single superpower but will be multipolar, as the regional integration processes intensify. Multilateralism needs to be protected within this multipolar world, which otherwise runs the risk of exacerbating poverty and creating deeper inequalities between countries. But it is high time that this multilateralism embraced social issues. The unions and the whole of civil society must insist that employment related issues are placed at the core of the new system of global economic governance that still needs to be built. The ILO has a vital role to play here.

Within this multipolar world, the state needs to recover its rightful position and assume its role. It must ensure a socially just and environmentally responsible new economic system is established. Public intervention is the sole guarantor of social cohesion. However the corruption of certain public bodies must be penalised and opposed by organised groups, including the unions. The central banks must become publicly accountable and stop bowing to the demands of the powerful financial lobby.

The strengthening and broadening of public social protection systems is urgently needed. A Global Social Protection Fund to help the poorest countries needs to be established. Increasing the levels and quality of state aid to developing countries is essential. Establishing socially just transitions towards ecologically sustainable forms of production is vital. Setting fair rules for world trade to support national development plans and prevent inequalities from deepening, is crucial. The priority must be to establish decent minimum wages and real salaries in line with productivity gains. And respect of the right of workers to form free trade unions and negotiate collectively on the redistribution of profits is a key requirement.

The relations between industrial, emerging and developing countries need to be established on a new basis. The current global economic and financial system is not serving the interests of the workers in developing countries. Reimbursing the foreign debt is strangling the poorest countries. The terms under which they can borrow are unfair, as they are made to bear all the fluctuation risks. The current system allows industrialised countries to pursue counter-cyclical monetary and fiscal policies by imposing pro-cyclical policies on developing countries. That means the international financial institutions (IFIs) are partly responsible for the disastrous social consequences in these countries and also for the global financial instability. The economic and financial conditionality imposed by the IFIs must end and the latter's governance needs to be fair. The time has come to build a new global economic and financial architecture. However, none of the existing institutions has the legitimacy or the credibility to fulfil that task successfully.

Regulation of the financial markets is required urgently. The speculation needs to be restricted and markets must focus on financing the real

economy. More particularly, speculation on commodity markets must be banned. Derivatives markets need to be brought back under the control of the public authorities. Off-shore financial centres and other fiscal havens need to be closed. Taxation of financial transactions can provide new funds to help reduce inequalities. The obscene salaries of managers, bankers and other financial intermediaries should be regulated. As part of the necessary reform of the financial sector, priority must be given to the social economy by promoting cooperatives, mutual societies and micro-credit agencies, including in developing countries.

The new economic system needs to generate green growth. As well as the urgent need to ensure the survival of our planet, environmental protection provides huge opportunities for job creation. Public investment in infrastructure, public transport and renewable energies are needed all over the world. Economic growth needs to be supported by ecologically responsible investment.

In conclusion

It is time to build an economic system that is environmentally sustainable, socially just and balanced in geo-political terms. This model will need to take into account the aspirations of peoples and the proposals of the trade union movement and the other players of civil society. From now on, economic growth should create decent jobs and protect the environment and its benefits should be shared, so that the unprecedented level of inequalities we face today is significantly reduced.