

**Workers Uniting  
Position Paper**

**Responding to the  
Global Economic Crisis**



**March 31, 2009**

## Executive Summary

*We are witnessing the worst global recession for generations. The impact of global market failure and financial crisis is costing millions of jobs and livelihoods, and jeopardizes the future of working families everywhere.*

*The current global economic crisis demonstrates that 30 years of ideologically driven free market policies followed by most domestic governments, and advocated by most global institutions, has not only eroded the standard of living of working people and undermined workers' rights, it has undermined the ability of governments and global institutions to regulate economic activity properly and made it more difficult to cope with this crisis.*

*Hundreds of billions of pounds and dollars of support are being provided to financial institutions which pay out billions of dollars of bonuses to top executives while tens of thousands of lower level bank employees find themselves out of a job. Under the current reprivatisation schemes being floated by our various governments, taxpayers will absorb the toxic debt of financial institutions, leaving the profits to the private sector that created the current crisis.*

*The governments of the U.S. and Canada are attempting to provide some financial support to the manufacturing sector, particularly the auto companies and their suppliers. In contrast, the United Kingdom stands idly by with hundreds of thousands of manufacturing jobs at risk of being permanently lost.*

*Governments around the world must step forward to provide meaningful economic stimulus to mitigate the impact of what is rapidly becoming a devastating worldwide recession. They must also begin to re-establish their role in regulating economic activity in a manner that ensures that the interests of working people are properly addressed.*

*Workers Uniting brings together two of the most powerful trade unions in the western world representing between us over three million workers in Britain, Ireland, the United States and Canada. Both of our unions have independently argued for immediate and medium term strategies to address the consequences of the financial mismanagement exercised over recent years by the private sector.*

*This paper builds on those arguments and our shared values of fairness and equality to provide a strategic and sustainable recovery plan that incorporates the following principles:*

- 1) Policies must be immediately implemented by domestic governments to encourage job retention and job creation in the manufacturing sectors,*

*and policies should be implemented that will facilitate sustainable growth and the transition to a greener economy.*

- 2) *Full employment, retirement security, fair wages and decent working conditions must be fundamental objectives of domestic economic policy and pension regulation, and governments should ensure international agreements do not undermine these objectives.*
- 3) *Financial markets, financial institutions and tax systems must be regulated in ways that increase transparency to the public, make it more difficult for corporations to avoid taxes by moving capital to low-tax jurisdictions, reduce the risk of damaging speculative “bubbles” in financial markets and limit the use of excess and unjustifiable executive compensation. Furthermore, financial markets should be regulated in a manner that ensures they serve the needs of the productive economy and the public at large.*
- 4) *Freedom of association and the right of workers to organize and engage in collective bargaining should be promoted throughout the world and these freedoms and rights should be supported by domestic legislation and regulatory regimes. Furthermore, governments should ensure international agreements do not undermine these freedoms and rights.*
- 5) *Effective and sustainable public services should be available to the citizens of all countries, including but not limited to: health care, education, housing and childcare.*
- 6) *Policies should be implemented to reduce inequality among nations, citizens, peoples, genders and classes through fair and progressive tax systems, effective public institutions and regulation, and the promotion of human rights.*
- 7) *The objectives of full employment, promotion of human rights and labour rights, and preservation of our ecosystems should be included as part of the mandate of international trade agreements and global institutions such as the World Bank, the World Trade Organization and the International Monetary Fund. Furthermore, these institutions should be subject to public scrutiny regarding their performance in fulfilling that part of their mandate.*
- 8) *Financial markets, financial institutions and tax systems should be regulated in ways that increase transparency to the public, make it more difficult for corporations to avoid taxes by moving capital to low-tax jurisdictions, reduce the risk of damaging speculative “bubbles” in financial markets and limit the use of excess and unjustifiable executive compensation. Furthermore, financial markets should be*

*regulated in a manner that ensures they serve the needs of the productive economy and the public at large.*

## **Responding to the Global Economic Crisis**

*We are witnessing the worst global recession for generations. The impact of global market failure and financial crisis will cost millions of jobs and livelihoods, and jeopardizes the future of working families everywhere.*

*This crisis is the result of 30 years of ideologically driven unsustainable free market policies that have eroded standards of living and workers' rights across the world. Light touch regulation, tax cuts, privatisation and hands-off government have been paraded as the only show in town. While globalisation, free trade agreements, attacks on unions and workers' rights have been pushed in the name of a flexible and competitive economy, these policies have resulted in growing inequality, poverty, insecurity and environmental problems. Now we are faced with both a crisis in the real economy and a meltdown in the financial markets. The International Monetary Fund now expects economic growth in the developed world to actually decline in 2009 for the first time since WWII. The crisis in financial markets, which began in 2007 in the US and the UK, has spread to much of the rest of the world.*

*Global output and trade fell sharply in the final months of 2008. The continuation of the financial crisis, with government policies so far failing to dispel uncertainty, has caused asset values to fall sharply across advanced and emerging economies, decreasing household wealth, and thereby putting downward pressure on consumer demand. In the US, a record number of workers are claiming unemployment benefits and home foreclosures continue to increase.*

*With a deep and long global downturn now a certainty, any plans for reviving national economies will need to be substantial, strategic and sustainable, and will need to be coordinated through simultaneous efforts across the world. Moreover, we believe that we must address both the crisis in the financial markets and in the real economy in a coordinated way if we are to begin rebuilding our economies.*

*Underpinning the principles in this document is the need to put people first in order to rebuild our economies so that they deliver decent jobs and public services for all, eradicate global poverty and inequality and contribute to the development of a greener economy and sustainable growth. The basic premise here is that sustainable economic growth is driven by worker prosperity and that the rebuilding of family supportive jobs is a large part of the solution to the current crisis in the real economy.*

### **The Rights of Workers**

*Economic prosperity begins with the prosperity of working families. To that end, the rights of workers must be hard wired into all regulation. Not only do individual workers suffer when their rights are exploited but in order to have sustainable economic growth we must have a strong working class with family supportive jobs.*

## **Fair Wages and Secure Jobs**

*The most fundamental of rights for workers are the right to a secure, safe job and fair pay. While jobs creation is crucial to escape recession, the quality of those jobs also matters.*

*Too many jobs now are temporary, informal and low paid. These jobs keep people trapped in or on the edges of poverty. Many studies show that it is not simply work that lifts people out of poverty but decent, secure and well-paid work. For example, after years of welfare to work programmes in the UK, the majority of children living in poverty now have at least one parent in work but they are earning so little that they are unable to lift their families above the poverty line.*

*The growth in short term and temporary work has had a damaging effect on workers across the globe. Precarious jobs create insecurity and dividing people from colleagues. They are also used by employers to undermine collective agreements and union organisation. Workers Uniting is calling for much better rights for temporary and agency workers worldwide and controls of their use.*

*Baseline protections such as minimum wages have made welcome differences in countries where they have been introduced, but it is clear that too often minimum wages are still poverty wages. For this reason Workers Uniting supports the introduction of fair or living wages for all workers that take into account the cost of living in the area where they live and work, and guarantees them a fair standard of living allowing them to live with dignity. As a start these should be initiated through public procurement policies and through putting conditions on procuring companies to protect workers throughout their supply chains.*

*Lastly, it is clear that legislation alone does not safeguard workers from abuse by rogue and unscrupulous employers. There needs to be proper and effective enforcement of those laws and a major role for workers and their trade unions to organise against abuse.*

## **Right to Organise**

*Not only is the labour movement central in protecting the rights of workers, it is crucial in the growth of the economy. Unionised workers make significantly more than non-union workers and research suggests that unionised workers are more productive. Those good jobs lead to the consumption of more products which leads to economic growth; without family-supportive jobs who will buy the goods? We believe that the prosperity of our countries depends on the prosperity of working families and that the*

*prosperity of working families depends on a strong and vibrant labour movement.*

*Further, our ability to organise is crucial to our ability to defend our members and their families at times of economic recession. Yet, in North America, the UK and Ireland obstacles to collective organisation and workers' rights to organise have at best been ignored by government and at worst exacerbated by their actions or failure to act.*

*Workers Uniting believes in the fundamental principles laid down by the International Labour Organisation (ILO) which, "...respect the rights of workers and employers to freedom of association and the effective right to collective bargaining, and to work towards the elimination of all forms of forced or compulsory labour, the effective abolition of child labour and the elimination of discrimination in respect of employment and occupation."*

*The World Bank in 2004 acknowledged the importance of collectivism in labour by stating, "Ensuring the freedom of association and collective bargaining can go a long way toward promoting labour market efficiency and better economic performance."*

*Workers Uniting will campaign globally and nationally to secure the principles enshrined in the ILO standards to secure the sustainable working futures of its members and those of workers throughout the world.*

*This means:*

- *Supporting legislation in the countries where we work to improve working rights such as the Employee Free Choice Act and the abolition of anti-trade union laws.*
- *Challenging the retrogressive European Court of Justice decisions that undermine workers' collective rights.*
- *Supporting national and international anti-sweatshop legislation starting with trade agreements.*
- *Fighting for legislation to equalise employment rights for agency and other vulnerable workers.*
- *Campaigning for better controls on international corporations and the ability of workers and communities to file grievances if their own country is not able or is unwilling to protect them.*

### **Reduction of Inequality**

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<sup>1</sup> World Bank: *World Development Report*, op. cit., p. 141



*Workers Uniting is calling for a reduction in inequality between nations, as well as within countries, between capital and labour, between high and low income earners, between rich and poor and between men and women.*

*Providing support to those most in need is not only morally right it makes the most economic sense. Tax reductions targeted at low-income families are more likely to provide a boost to spending in the economy than tax cuts for corporations and the wealthy.*

*Fiscal policies which address the poverty gap in society need to be focussed on the most vulnerable in society. Workers on temporary contracts, in low-paid employment, the disabled, elderly and infirm are those who are disproportionately affected by the downturn in the economy.*

*While overall macro-economic policy, including the recent fiscal stimulus and measures to improve credit flows, may affect growth and improve employment prospects across the economy, specific measures are also needed to meet the particular needs of disenfranchised groups. Those at the bottom are often the first to lose their jobs and have the fewest resources and least power to make change.*

*For example, while recent stimulus packages are crucial to moving us back toward economic prosperity, we cannot forget that investments in infrastructure and green technology are likely to disproportionately help those in jobs that are predominately male. Thus, we must be careful to find creative means to protect jobs populated by women and increase opportunities for women to take up new vacancy opportunities as growth returns.*

*Responses to the recession must also recognise the importance of continuing to challenge the labour market disadvantage that women and people of colour face. Thus, investments in public infrastructure should include educational opportunities for those that have been disadvantaged and a constant awareness that each policy we enact is likely to have a differential impact.*

### **Financial Markets**

*Blind faith in the virtues of markets, inadequate public control and regulation of finance, lack of transparency and accountability of financial institutions, and the secrecy provided by offshore financial centres are at the heart of the financial crisis that precipitated this recession, and the failure of effective government action to this point has resulted in a continuing downward spiral.*

*Governments, national regulators and international financial institutions failed to do their jobs. Ideologically driven policy making, which assumed that the market always knew best, allowed the development of a culture of secrecy and the proliferation of complex and ‘innovative’ financial products and practices which have proved highly damaging.*

*Workers Uniting is calling for financial institutions to be publicly and transparently held accountable, and financial institutions, markets and products adequately regulated to ensure that they support a sustainable fair economy, not destabilise it. Governments must cooperate to prevent a regulatory race to the bottom, and ensure that rogue jurisdictions cannot undermine efforts to regulate, tax and hold accountable all financial institutions and multinational companies. We recognize the central nature of the financial market to the modern economy and that credit must be restored and the mortgage crisis addressed if the broader economy is to grow.*

*Workers Uniting is calling for:*

- The current crisis to be addressed in a way that is clear, transparent and across-the-board. Aggressive action must be taken to recapitalise the financial sector recognising that while we must protect those who deposit money in banks, shareholders in the financial sector have no claim greater than in any other sector of the economy. Our goal must be to move beyond the quick fix and to immediately take action to restructure the financial system in a way that encourages economic growth not just the accumulation of wealth by the few.*
- All institutions and products, including investment funds such as hedge funds, sovereign wealth funds and over-the-counter products become properly regulated with regard to controlling derivatives trading, credit securitisation, and other complex financial instruments in a globally coordinated way. Rules must be formulated to discourage or ban short-term, non-productive or damaging investment, while promoting longer-term socially productive and environmentally sustainable investment.*
- The inflated bonus culture must be tackled.*
- Tax havens must be compelled to cooperate to lift the veil of secrecy that allows firms and individuals to avoid international standards and which makes illicit capital flight and tax evasion possible.*
- Multinational companies must be compelled to report in a transparent and accountable manner. This will include introducing country-by-country international accounting standards to disclose profits made and taxes paid in each country, and making governance arrangements, human rights, social and environmental assessments part of listing and reporting requirements for all multinationals.*

- *Investors should follow the UN Principles of Responsible Investment and include social, environmental and governance risk assessment in their investment practices.*

*As we work to restructure, re-regulate and recapitalize the financial sector we must recognize that just as the last 30 years of free market ideology and deregulation have created a crisis in the financial sector, they have created unsustainable patterns in other areas that must be addressed.*

## **Rebuilding the Real Economy**

### **Support for Manufacturing**

*Sustainable growth is dependent on a strong manufacturing base. At present, jobs in manufacturing are virtually in free-fall with devastating consequences on communities and the economy. Job losses inevitably lead to lost skills, reduced consumer demand and rising long term unemployment. Moreover, estimates are that while each manufacturing job creates and supports at least five other jobs, a service sector job only supports two other jobs. So if we are to grow jobs and rebuild our economies, manufacturing jobs are essential.*

*A strategic and sustained approach requires actions at many different levels.*

*Firstly, governments need to establish urgent policies which identify strategic industries and act to stem the haemorrhaging of jobs by avoiding short-term redundancies in reaction to temporary decline in demand. Secondly, as we discuss later, manufacturing must be protected from unfair competition and bad trade regulation. Thirdly, steps must be taken which activate the access to investment funds through banks and which stimulate the gradual growth in output.*

*Coupled with this has to be policies designed to stimulate the economies through public investment in infrastructure projects which both improve the well-being of the population and create sustainable jobs and opportunities for manufacturing. Creative use of strategic planning through public procurement policies are also needed to maximise the benefit to workers in manufacturing. This should include long overdue investment in sustainable technologies and processes that reduce the environmental impact of the economy.*

### **Sustainable Public Services**

*The voices of the rich and free market ideologues often demand reduced taxation and public interference. Yet when the private markets fail,*

*as they have done at a level unsurpassed in the last 50 years, it is the public sector that is forced to bail them out. This bailout cannot simply recreate the failed market structure; it must make available needed services and create an infrastructure for future economic growth. Such an approach is not only morally right, it makes sense for long term economic growth.*

*We must provide sustainable long-term investment in public services that ensures that those most vulnerable in society are supported through this period of recession and beyond. Now is the time to provide that stimulation through public infrastructure projects, investment in education, health, local government infrastructure and services. Importantly this means addressing the desperate social housing needs of many in society and developing the skills and environmental projects which will support the transition to a low carbon economy. It means a commitment to make access to good quality health care and education a right not a privilege as well as building the social services appropriate to fundamentally challenge poverty and inequality in our societies.*

*Public investment is just that – an investment. Workers Uniting rejects the suggestion that public service workers are a drain on the public purse and similarly rejects the notion that private providers of public services can perform more efficiently than public providers. Money spent in public services earns a collective return that we all benefit from. For example through social cohesions, better health, higher productivity, better transport infrastructure and communications systems for people and businesses and reduced crime.*

## **Sustainable Growth Through a Green Economy**

*We need management and regulation of the economy at national, regional and global levels, to ensure that the environment is not sacrificed in the name of short-term profits and unbridled growth. It is clear that climate change and other environmental challenges are being caused by the richest and most powerful in the world. Workers Uniting argues that any solution must promote equity and justice through the protection of fundamental economic, social and environmental rights of all. Long-term sustainability can only be achieved through a collective approach.*

*The unprecedented scale of public investment made across the world in response to the financial crisis provides a major opportunity to prevent climate change, if it is used to support the required cuts in emissions globally and help developing countries adapt.*

*Workers Uniting is calling on governments to develop a green investment strategy. This should include major investment in both new build and retrofitted sustainable buildings especially in housing public infrastructure and industrial buildings, major investment to support energy*

*efficiency, “smart” electric-grid systems, increasing capacity for generating power from renewable energies and developing carbon capture technologies. Manufacturing should be given access to government backed investment funds to assist innovation and design of green technologies and processes in the automotive, engineering, science and process industries.*

## **Fair Trade**

*As is clear from our discussion of the financial crisis and the need to rebuild manufacturing, a fresh approach to the global training system is needed that prioritises justice and equity, including labour and environmental standards, and which builds economic relationships fit to deal with the triple financial, climate and food crises of the 21<sup>st</sup> century. This new approach to global trade must work in the interests of people and the environment while strengthening local and regional supply chains and ensuring dialogue and cooperation at the international level.*

*For this to happen there needs to be dramatic changes to the way that World Trade Organisation negotiations work. The dogmatic ideology of free trade through open unregulated markets needs to be jettisoned and a new, more just approach is needed. While trade has the potential to lift people out of poverty it also has the power to create dependencies and exploitation at a level not seen since colonialism.*

*Trade should be designed around the interests of ordinary people not large corporate interests. Controls need to be put in to reduce the voice of corporate lobbyists and provide greater resources to poorer countries during negotiations. Workers’ rights and other human rights need to be given the same or greater levels of legal protection in agreements as corporate property rights and intellectual property. This is even more important when considering bilateral trade agreements that undermine the ability of poorer countries to pool resources and work together. Workers Uniting is fundamentally opposed to bilateral trade deals with countries such as Colombia that abuse workers rights. It is clear that free trade agreements have promoted the race to the bottom in terms of workers rights, pay and environmental protection and that a new model that protects jobs and labour standards in all countries is needed – levelling the standard of living up rather than dragging it down.*

## **Global Coordination**

*Many of these changes we have discussed need to be addressed globally through international systems of governance. Workers Uniting is demanding fundamental reform of the governance of international financial institutions, including the World Bank, World Trade Organisation (WTO) and the*

*International Monetary Fund (IMF), so that workers and their families can hold these institutions accountable and voice their concerns.*

*Global institutions like the World Bank and IMF need major reform to make them democratically accountable. One first step for the current round of World Bank and IMF governance reform would be to ensure developed and developing countries have a parity of voice. These institutions must alter policies and behaviour to fully respect international standards on human rights, the environment and labour. Also, there needs to be an end to structural adjustment programs that force economic conditions on to developing countries and crowbar open their economies devastating indigenous industries, communities and resources.*

*Lastly there needs to be a greater understanding of the impact of aid and debt on poorer economies and the recognition that many more times the amount of capital flows from poor countries to rich through debt repayments and unjust trade rules than is ever given in aid.*

### **Conclusion**

*Thirty years of bad economic policy based on ideology and greed have left the global economy in crisis with unemployment rates rising, working families loosing their homes and financial markets unwilling to lend money to even those with the least risk. The steps already taken by the national governments in America, Canada, Ireland and the UK are not enough, and much more is needed if the recessionary impact is to be mitigated and if we are to secure sustainable growth going forward.*

*Workers Uniting is committed to campaign internationally on the basis of the following principles and demands:*

#### **International demands and objectives:**

- *Demand implementation of the core labour standards established by the ILO as a minimum and seek enforcement mechanisms on an international basis.*
- *Make all financial institutions, financial products and multinational companies transparent and publicly accountable.*
- *Tackle tax havens by compelling them to abide by strict international rules, and participate in systems of automatic exchange of information.*
- *Insist on fundamental governance reform of the WTO, World Bank and IMF, to ensure that they are properly democratised, and made fully transparent and accountable, and respect international standards on workers rights and other human rights, the environment and labour.*

*Shared national demands and objectives:*

- *A re-invigorated strategic manufacturing industrial policy.*
- *A green investment agenda to support manufacturing and services.*
- *Full employment rights for all workers and the right to freely organise.*
- *The right to health benefits and retirement security.*
- *A fair and progressive individual taxation system.*

*These are the key principles that are needed:*

- *To rebuild our economies so they deliver decent jobs and public services for all.*
- *To eradicate the scourge of global poverty and inequality.*
- *To build a green economy that preserves our global commons and the natural life-support systems of the planet, prevents runaway global warming and ensures a safe, clean environment for our children.*