

The London Declaration: a call for fairness and tough action

Statement by the European Trade Union Confederation on the crisis of Casino Capitalism

The world financial crisis must be a turning point and cause a complete change in the way the financial world works. The dominant model of financial capitalism is close to collapse. This capitalism, liberated from long-standing restraints around 25 years ago, especially in the USA, has been used since as a role model for the rest of the world to follow. It has patronised the many while it exploited them for the benefit of the few, following years of exalting privatisation, deregulation and unfettered markets.

Now its excesses have brought it close to ruin – and it threatens the real economy. Indeed Europe's economy lives in fear of being hit by a financial tsunami speeding across the Atlantic despite the relative strength so far of the euro area. The US Government is scrambling together hundreds of billions of dollars to save key banks from their own folly; the credit crunch is strangling finance for industry as banks hoard money to protect themselves. Recession looms.

Let us be absolutely clear. This crisis was caused by greed and recklessness in Wall Street, London and other major financial centres. Senior executives permitted speculation on a huge scale on investments they ill understood. Speculators have exacerbated the serious rises in fuel, food and raw materials. The losers are many and include workers in the industry and more generally, pensioners, families, providers and firms seeking investment capital, and all of us as taxpayers bailing out banks. The costs of the American rescue are huge and the commitment of central banks round the world has already been very substantial. It will take years to recover the money, if ever we manage to do so, and our future ability to fund high-quality public services is being placed in jeopardy.

That's why this time there must be a turning point. Never again can irresponsibility by banks and hedge funds and the rest be allowed to come close to bankrupting nations. Never again must taxpayers' money be used to prop up institutions that continue to pay huge salaries and bonuses to their top executives. Never again can shareholder value, with directors' bonuses linked to it, be allowed to be the sole goal of companies. We cannot risk a repeat of this gross irresponsibility, greed and negligence.

The ETUC is working with the International TUC, UNI-Europa representing finance industry workers and others on a trade union response to this crisis, but it is already clear to us that there need to be:

- injections of public money into financial institutions that carry with them public influence and control so causing a fundamental change in behaviour;
- much tighter control of financial institutions' ability to leverage their operations, by strengthening the ratios of solid assets to liabilities;
- an international, certainly European, level of effective regulation. This is necessitated by the scale of global financial capitalism which now transcends most individual nations. A European Ratings Agency is necessary;
- government action to ensure that funds are available for investment in the real economy, helping develop green jobs and technologies and sustainable development;
- help provided for workers affected, for householders threatened by eviction, for pensioners threatened with poverty in old age, for entrepreneurs seeking investment capital. It is not fair that the main beneficiaries might be those who caused the

mess;

- a European-level response to the slowdown that is unfolding in the real economy to prevent the financial turmoil intensifying further as well as to avoid a return to the 'beggar-my-neighbour' approach of competitive wage moderation and reductions in social protection which harm workers and their families; and
- urgent return of public policy attention to the major issues of income and wage inequalities. It is inequality and poor wage income for ordinary workers that are driving households into ever more debt through risky financial market techniques.

The ETUC therefore calls on Europe to fight for workers' rights, for fair and decent wages, for stable jobs and for strong collective bargaining practice, independent of and not subordinated to law courts and judges.

London

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