

## **Resolution Global Financial Crisis**

### **Impact and causes**

1. The Global Financial Crisis (GFC) has devastated the international economy. In 2009 the world economy as a whole is expected to contract for the first time since World War Two.
2. The GFC has put at risk the jobs and livelihoods of people across the globe with more than fifty million working people expected to lose their jobs, including a projected 6 to 10 percent of the Australian workforce. It is already the cause of untold hardship among working families with businesses collapsing, jobs lost, entitlements unpaid and homes repossessed.
3. It is estimated that the GFC will push 200 million more workers into extreme poverty, forcing a total of 1.4 billion of the world's citizens to live on less than US\$2 a day and seriously jeopardising the poverty reduction targets of the Millennium Development Goals.
4. The GFC is a catastrophe that bears the hallmarks of a massive natural disaster and yet is undoubtedly human-made.
5. The GFC is the product of fundamental faults in the neo-liberal economic paradigm – deregulation, privatisation, speculation, greed and unsustainable debt – which have now plunged the world into crisis.
6. The uncritical worship of the 'free market' and the failure of our business leaders and governments to rein in its excesses enhanced the ability of already powerful economic nations, corporations and investors to shape the economy to their advantage. This led to extreme inequality at the same time as it created profound economic instability.
7. Working people in Australia and across the globe who are now subject to unprecedented levels of unemployment, underemployment, poverty, deindustrialisation and environmental destruction as result of the GFC demand that this must never happen again.

## Action to protect jobs and incomes

8. a) Unions welcome the Government's response to the GFC and its economic stimulus measures and support for social and economic infrastructure, including investment and projects in:
  - Building programs in schools, social and public housing and energy efficiency retrofits;
  - Public transport, hospitals, universities, road, rail and port infrastructure as well as broadband and smart grid initiatives;
  - Development of renewable energy and climate-friendly technologies, including commercialisation programs for new low-carbon industries.b) Government must ensure actions taken do not entrench or exacerbate inequities in our society.

This includes:

  - Avoiding measures that place the burden of subsidizing industries on low paid workers in those industries on low paid workers in those industries such as introducing inferior safety not provisions.
  - Taking into account the particular disadvantaged position of women in the labour market, and the negative impact on women's wages and jobs of previous recessions, there is an urgent need to take further steps to support industries and sectors where women predominate. To extend the focus on infrastructure to a focus on people. These must include investment in industry and sectorial job retention and job creation measures.
9. Congress calls on all governments to secure as many Australian jobs as possible and strengthen local industries by ensuring companies located in Australia get preference when tendering for these projects.
10. Congress proposes the Government immediately adopt National Interest Expenditure Guidelines that place mandatory requirements on the recipients of public funding of any kind (including guarantees) to ensure:
  - (a) That Australian jobs are protected and created
  - (b) Key industries are maintained and strengthened
  - (c) There are designated job positions for apprentices, trainees, unemployed people and Aboriginal and Torres Strait Islander Australians
  - (d) Workers have quality, secure and well-rewarded jobs in a safe and productive environment.
  - (e) The rights of all workers to union representation, collective bargaining, and consultation are respected.
  - (f) Public funding is not used to support business decisions that sacrifice jobs or damage the future growth of Australian industry, or to contribute to excessive executive salaries, in particular for short-term bonuses and incentives.

11. Federal, State and Local Governments must also take seriously their obligations, as employers, to ensure that the jobs and incomes of their workforces are protected, and that National Interest Expenditure Principles apply equally to public sector employees. Job losses in the community and public sector in the current environment would be counter-productive, adversely affect the delivery of vital services to Australians, detract from the other efforts to protect and revive the economy and reduce overall jobs growth by negating the positive effect of government spending on jobs in the private sector.
12. Congress seeks urgent and major reforms to ensure income and asset security for Australian workers and their families including:
  - (a) Urgent action to secure 100 per cent of workers' entitlements.
  - (b) Subsidies for companies in industries under threat forced to downsize production due to a collapse in demand to guarantee income support for 'down days'. This will enable companies to improve processes and workers to reskill ensuring that workers keep their jobs and that companies have competitive capacity to take advantage of economic recovery.
  - (c) Major reform of social protection for workers who lose their job. The implementation of a comprehensive social insurance scheme (including examining the European flex-security model) that guarantees workers at least 80 per cent of their income, includes a training guarantee and work placement assistance.
  - (d) Making support for banks conditional upon provisions to defer mortgage payments where a worker loses their job or loses hours of work and is unable to meet their mortgage payments.
13. While it is essential to protect as many jobs as possible now, Congress also calls for action to build Australians industries for the future. We urge governments to use public funding to assist in the structural adjustment required in many industries and in particular, to shift production to meet the challenges of a low carbon economy.
14. Congress calls for the urgent implementation of recently announced government initiatives including a Carbon Pollution Reduction Scheme (CPRS) as well as further investment to create up to one million new jobs in renewable energy, low-carbon technologies and other measures to fight climate change.

### **Business regulation necessary**

15. Unions advocate and support measures to rebuild the economy that address the underlying causes of instability that led to the GFC and will campaign to ensure business practices are effectively regulated so that the crisis never occurs again.
16. Congress strongly affirms the importance of unions and governments playing a more active role in attaining and regulating a stable, diverse and sustainable

economy driven not by speculation and risk-taking, but by stewardship and investment that achieves secure employment, fair wages and rights for working people and delivers rising living standards for the community.

17. Congress believes that government and unions must begin preparations for the rebuilding of an economy that serves, rather than determines, the long-term needs of the Australian community.
18. In accordance with union values and priorities, Congress endorses the following core principles as a framework for our economic future:
  - (a) The economy, including the financial and trading systems, shall be organised and managed with the aim, not of accumulating vast wealth for a tiny minority, but of securing the jobs, incomes, public services and safeguarding the environment for the vast majority.
  - (b) The state has a vital role to play in actively regulating or replacing those markets that act as barriers to attaining a more equal, stable and sustainable society. Market forces alone, which promote inequality, instability and short-term risk taking, cannot deliver an economy that substantially meets the needs and interests of all working people.
  - (c) Central to the development and implementation of economic policy should be routine consultation and collaboration with all those organisations, including unions, who represent the interests of working people and the broader community.
19. Congress urges the Government's attention to financial regulation and supports the review of executive salaries and calls for the adoption of a 'charter of responsible lending' as advocated by the Finance Sector Union to ensure that lending practices by banks and other financial institutions do not lead to an increased burden of debt for workers and their families and to protect the economy from the instability of high levels of personal debt.

## **International action**

20. The ACTU Congress supports the measures advocated by the International Trade Union Confederation (ITUC) and global unions where they have called on the G20 leaders to take action across the globe to:
  - a) Ensure co-ordinated stimulus and development plans that maximise job retention and protect the incomes of the most vulnerable including a global jobs pact with funding to secure decent work in vulnerable nations and increasing social safety nets and social security systems including unemployment benefits.
  - b) Intervene to restore confidence and lending in the financial system, including mechanisms for managing toxic debt.
  - c) Strongly regulate with new rules to control global finance and reform the global governance system to ensure transparency and accountability including measures such as counter-cyclical capital requirements; the prohibition of off-balance sheet transactions; and the replacement of

private credit rating agencies with independent public bodies, which will help to secure a more stable and transparent financial system.

- d) Abolish tax havens.
- e) Lay the groundwork for a sustainable recovery that sees respect for workers' rights, an end to global poverty, fairer international trade, and action on climate change.
- f) Tax international financial transactions as a means of deterring excessive speculative behaviour and to raise funds to support social security and the development objectives of the Millennium Development Goal's in poor nations.