

Decency for a Change

BY MARCELLO MALENTACCHI

GOVERNMENTS AROUND THE WORLD HAD PROBABLY NO OPTION OTHER THAN TO RESCUE THE CORRUPT FINANCIAL SYSTEM THAT CAUSED THE ECONOMIC CRASH WE ARE PAYING FOR TODAY. BUT IT IS A BAIL-OUT THAT COMES AT A HEFTY PRICE FOR WORKING PEOPLE.

Millions of industrial and service jobs have been eliminated during the last few months. Most of them, mainly held by young people and women, come from the most vulnerable parts of the workforce – those on short term contracts, working part time, or locked into other precarious forms of work.

It is undeniable, but hardly useful, to say that what happened was predictable and could have been avoided. Trade unions at all levels, not least on the international scene, have warned that unregulated speculation would be the ruin of the financial system. We argued that what was needed was control exercised within the orbit of national governments and parliaments, as well as agreed rules for governance operated through democratic international institutions.

It is scandalous that it took only a couple of weeks for governments in the rich parts of the world to collect more than US\$ 2,000,000,000,000 (that's right, two thousand billion US dollars) to bail out banks, insurance companies and other financial institutions on the brink of bankruptcy when we know that ten years ago, when the UN asked for a tenth of that amount to halve the poverty afflicting the world's poor, hardly anyone moved a finger to collect that money.

Market economy based on speculation and uncontrolled capital movement is not the solution to the problems the world is facing. We know that very well, which is why the bail out will not be the solution to the crisis if measures taken by the governments in the USA, Europe and Japan are not conditioned by direct state intervention. If the state does not show its hand clearly, the so-called rescue will only feed yet more speculation.

At the same time, beyond the crisis of financial institutions, new industrial policies are required to get economies moving and these must be based on the priority of creating sustainable employment.

The world needs a financial banking system that functions as a motor for progress and provides the drive for the development of a stable and sustainable economic system. Banks and insurance companies need to be bound by rules that are determined not by vague, ambiguous and self-serving voluntary codes of conduct but by laws and international rules that are recognised by all governments.

More importantly, the present crisis should be the wake-up call that forces the world to rethink our economic and social models. We need to reshape the agenda of economic and social organisa-

tion to give priority to more security for working people and to bring humanity and an ethic of solidarity into play. The measure of success of policies adopted today will be in actions that will generate stable employment and encourage redistribution of wealth rather than a return to the volatility of markets and short-term profit-taking.

In a civilised world everyone should have access to an adequate job in an economy geared towards producing wealth and providing opportunities for self development and self reliance. These are the fundamental goals for the economic, social and political system for the modern society.

The recent crisis has been caused by speculation through capital movements within the network of stock exchanges around the globe. But wealth for the





people can only be based on the production of goods and services.

The enormous sums of money that governments have decided to put up to rescue financial institutions must come from somewhere. People might believe that those funds are resting in the vaults of the central banks and can be made available as soon the decision is made. But it is not that simple.

The equivalent of 2000 billion dollars has to be generated through added value from the productive apparatus. Only then can it be distributed to the financial institutions which will then feed it through the system to companies and private persons. What the governments are ready to do is to issue bonds that will give the warranty for future debts contracted by the banks.

In other words future generations will have to create more added-value to repay the debts being built up by today's decision makers.

The legacy of our generation will not just be failure to secure better standards for our children and grandchildren, but we will leave an increased burden of debt as a result of the present financial crisis.

Our society is based on consumption. The paradox is that we cannot consume if we don't produce and if we don't produce we cannot consume either.

None of this points towards a regression towards rural economies or the primitive models of economy based on exchange of goods.

But this is a time when we need to clear our minds and think again about how we reinforce and strengthen the core values on which we believe society should be built.

The system of private capital has come up short. It is demonstrably not the model equipped to solve the enormous problems facing a world challenged by poverty, inadequate health care and sanitation, ignorance and poor education, climate change and water shortage, migration and modern slavery, and the scourge of want that afflicts millions everywhere, but especially Africa. All of these and many other problems remain unsolved despite promises that globalisation of the world economy driven by free market economics would provide solutions.

It was said that the market could take care of itself. There was no need for any form of state intervention or

control. Now we see the consequences of foolhardy liberalisation of the economy first encouraged by Reagan and Thatcher and then taken up by others including many progressive and social democratic parties and governments.

We need a new course. We can start by aiming for fairer distribution of the world's wealth. In this the trade union movement at national, regional and global level has a great role to play. Through collective bargaining we can begin to renew the dialogue that leads to fairness, reward and justice for the people who have been forgotten in the rush to shore-up the creaking apparatus of globalisation.

The crisis can be resolved and a return to decency is possible, but that will not happen unless we give voice to those at work. That involves making sure that the right to organise and the right to bargaining are the foundation stones of a new economic and social structure that will provide us with the means to ensure that we are never again held hostage by slick and shady global marketeers.

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