Thank you Cde Chairman,
Your Excellencies, Mr. President, Bharat Jagdeo,
Prime Minster, Samuel Hinds, and other representatives of the Government,
President of GAWU, Mr. Komal Chand, and other Office Bearers of GAWU,
Comrades, Friends,

Crisis ? What crisis?

When I was young, the British rock band "Supertramp" released an albumwith that title[1]. Crisis ? What crisis? I liked the album, it had good lyrics. The cover of the album displayed –in black and white— a desolate urban landscape with smoking chimneys polluting the horizon. And against that gruesome background the lead singer of the band who was depicted in colour, sat sunbathing in a beach chair, under a colourful parasol with a glass of whiskey-on-the-rocks within easy reach. Crisis? What Crisis?

I was forcefully reminded to the days of my youth when I saw, just before coming to Guyana, articles in the press about the Attorney General in New York, Andrew Cuomo. He published a report with the poetic title: No Rhyme nor Reason: The "Heads: I Win, Tails You Lose" Bank Bonus Culture[2]. Heads: I win, Tails You Lose.......The message is: confronted with bankers, we will always lose.

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[1] Album released in 1975.

[2] See http://www.oag.state.ny.us/media_center/2009/july/pdfs/Bonus%20Report%20Final%207.30.09.pdf

Andrew Cuomo meticulously shows how during the current crisis, US banks lost 80 billion dollars, received 174 billion dollar in state support and without blinking an eye, dished out 30 billion dollar in bonuses to their executives.

Other financial firms on Wall Street paid out another 18 billion US$ in bonuses to its fund-managers. While the world is licking the wounds which these bankers created their old practices return. The business bank Goldman Sachs gave out twice as much in bonuses as it made in profit per employee[3]. Crisis? What Crisis? And Attorney General Andrew Cuomo, with undisguised disgust, comments: "When banks did well, its managers were paid well. When banks did poorly, its managers were paid well. And when banks did very poorly, they were bailed out by taxpayers, its employees were still paid well. Bonuses and overall compensation did not vary significantly as profits diminished"[4]. Crisis? What crisis?

My presentation today will focus on the hideous role financial executives and fund-managers, have played not only in creating the current economic crisis, but in the build-up towards that crisis, in what has been called, the financialization process. With this term I refer to the "...subordination of investment" in firms where any of us could be employed, "to the demands of global financial markets"[5], where the players are the fund managers and financial executives just referred to. The ones with the hefty bonuses. It is a process which shows that capital has become "impatient"[6]: it wants profits NOW; on the very short term. Capital is no longer prepared to wait for its returns.

Dear audience,

I 'm afraid that on this festive day of your union, I have come with a story that is not befitting for a birthday party. It is customary on birthday parties to wish the lucky one many happy returns of the day, and a long life in good health. And, of course, I wish you all the best, including the long life. But this is not a fortunate era for the working poor, and circumstances do not augur well for the labour movement.

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[3] See Volkskrant (Dutch newspaper) 01-Aug-2009
[4] Cuomo 2009:1.
[5] Rossman & Greenfield 2006:55
[6] See Greenfield 2006:12

I would like first to paint a picture of what happened to labour, in the era of globalisation in general, draw attention to the role of multinationals in the process, and then highlight a few consequences of the current crisis. Thereafter I will present a package of measures to help the world find the way forwards, and conclude with options for the labour movement.

My presentation is based on research work done by academics inside and outside the labour movement, and in particular I would like to mention Gerard Greenfield of the IUF, and Richard Croucher & Elizabeth Colson, as well as researchers in the International Institute of Labour Studies of the ILO.

GLOBALISATION

The current phase of globalisation is heavily influenced by neo-liberal ideas. These ideas hold that liberalisation of trade will increase wealth and will "develop" those parts of the world to which trade will come. These ideas hold the market forces will set everything right.

And in the last 25 years or so, "many states shifted towards 'free markets' politics"[7], often forced by conditions imposed by the World Bank and the International Monetary Fund. The effects on general well-being of people, on employment and unionisation have been considerable. "In Africa, for example, these effects included the destruction of large parts of national health care and education systems... Much of manufacturing industry was destroyed, reducing the scope of and possibilities for unionisation. Unemployment rose drastically in many countries as public sector workers were dismissed, in wave after wave of redundancies that rolled over the continent. Currency devaluations reduced real wages. Labour laws were revised in ways that were negative for trade unionism, while formal laws protecting workers were unenforceable by emasculated states"[8].

"In many countries, minimum wages have fallen into disrepute, so weakly enforced have they become. Other pro-labour legislation has simply gone unnoticed. In such

[7] Croucher & Cotton, 2009:14
[8] Crouhcer & Cooton 2009:14

cases governments are clearly more concerned with the reactions of employers to legal enforcement than with the legitimacy of their own law making"[9].

"Recent legal changes in many countries have allowed employers to create fuzzy employment relationships which in turn led to precarious forms of work"[10]. Casualisation of work has spread rapidly over all the continents. "These forms of employment are strongly associated with the growth of informal work, and informal work is a further distinctive feature of the current wave of globalisation. And with 'informality' I refer to disguised, ambiguous or poorly defined employment relationships where employers are unclear or entirely absent"[11].

"Although unions have made efforts to recruit those working informally, these attempts have brought only limited success. The barriers are formidable: fierce competition between individuals, the differences of interests, and hard-line anti-union attitudes from employers are just a few of the problems" ... "The workers fear harsh retaliation from employers and state officials if they join unions, threatening their very existence"[12].

MULTINATIONALS

"Multinationals loom large" in the globalisation stories. They are considered to be the "engines of globalisation with high political profiles through their role in linking investment, trade, technology and finance"[13]. "However, a few cautionary remarks: "Just one per cent of the world's labour force of 3 billion is employed by multinationals. At present, multinationals remain a strictly limited phenomenon in geographic and employment if not in trade terms. They largely carry out their business in North America, Europe and Japan ... Multinational investment in the developing world is concentrated in Asia and Latin America"[14].

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[9] Croucher & Cotton 2009:14
[10] Croucher & Cotton 2009:14
[11] Croucher & Cotton 2009:14
[12] Croucher & Cotton 2009:15
[13] Croucher & Cotton 2009:16
[14] Croucher & Cotton 2009:16. See also Munck 2002:1-24.

“Multinationals are however growing: between 1990 and 2006 the number of people working for multinationals” tripled[15]. ....In a growth wave from the 1970s onwards, MNCs greatly increased their economic activity; by the early 1990s their accumulated sales were equivalent to one-third of the world’s gross product. ... Their influence on governments now is stronger than previously; the end of the Cold War meant that there was no alternative to attempting to attract *their* investment. Their control of advanced technology means that their presence if now seen as a requirement for development; as a result, multinationals have become ‘rule givers’ in relation to governments” [16].

“Multinationals argue publicly and privately for the relaxation of employment laws. The changes in labour laws enacted by the Chinese government in 2007, which included some clauses providing the Chinese Federation of Trade Unions with the opportunity to acquire some representation functions in foreign owned firms brought about vigorous protests from the American Chamber of Commerce and threats that companies would disinvest”[17] . The Chinese government was not impressed.

“Symbolic of the current relationship between governments in the developing world and multinationals has been the development of Export Processing Zones (or EPZs). These are areas where foreign companies are encouraged through incentives to operate and where labour laws are either suspended or not enforced. They have grown considerably: by 2002 there were 3000 EPZs employing more than 40 million workers, the great majority of them were young women”[18]. By 2009 the number of workers had risen to over 65 million[19]. “Attempts to organise unions in EPZs have been met by violence from local security guards and police”[20].

Workers in EPZ are not employed by multinationals. In the past large corporations employed workers for every step of the production, from extraction of the raw material to the packaging of the final product. Nowadays, major parts of this whole production process are outsourced to other, smaller firms. And more often than not,

[15] Croucher & Cotton 2009:17
[16] Croucher & Cotton 2009:17
[17] Croucher & Cotton 2009:17
[18] Croucher & Cotton 2009:14
[19] Source: http://www.ilo.org/public/english/dialogue/sector/themes/epz/epz-db.pdf
[20] Croucher & Cotton 2009:14

these firms are located overseas, a process that is referred to as off-shoring. Now...workers in EPZs are employed by firms that supply to multinationals. In this way chains of production have arisen, with a lead firm and several layers of suppliers. In this way, the main firm is no longer responsible for working conditions; this responsibility is now in the hands of the owners of the supplying firms which are scattered all over the world. NIKE, the famous shoe and sportswear company does not employ a single production worker who actually makes a NIKE shoe or a T-shirt. Instead, this work is now done in 1300 factories all over the world supplying products to the specifications of NIKE[21]. To give other examples of the magnitude of outsourcing (and these are all taken from the food sector, which is so important to GAWU): Nestlé, a giant MNC in the food industry, with products as varied as Nescafe, Maggi, Smarties, KitKat but also Georgio Armani and Ralph Lauren.... Well, "seventy per cent of the workers used by Nestlé to manufacture, package and distribute products throughout the world are not directly employed by that company"[22]. Another example: Unilever, known from products like Hellman's Mayonnaise, Becel margarine, Ben & Jerry ice cream, Lipton Tea, and even Calvin Klein. Unilever has increased outsourcing of production from 15 to 25 per cent in the period 2000-2004[23].

These modern production systems –in which lead firms buy their products from a range of suppliers— are called Global Supply Chains, or Global Value Chains. From a global value chains perspective, the industrial structures of the North are closely linked with networks of suppliers and workers across the world. A striking feature of contemporary globalization is that a very large and growing proportion of the workforce in many global value chains is now located in developing economies. So, in this way, we can say that "MNCs use much more labour than they directly employ. This use of labour takes many forms, and its incidence and damaging consequences for workers and unions alike have been widely remarked on by researchers examining the developing world.'

[21] See http://www.nikebiz.com/responsibility/documents/Nike_CRR_Factory_List_C.pdf, accessed on July 26, 2009

[22] Croucher & Cotton 2009:19

[23] Greenfield 2006:15

There is another way in which large firms have changed the employment relationship with their workers. Instead of employing them directly they hire them through temporary labour agencies. This is called *externalisation* and this term is "used to denote different ways of obtaining labour from outside the corporation"[24] ... So it is not only production that is outsourced, it is labour itself. And thus we find situations where workers who work alongside each other in the same plant and are doing the same work, have different employers and different employment contracts: one is directly employed by the firm, receives benefits and enjoys tenure. The other is employed through an agency or jobber, enjoys no benefits and only has a contract for a week. That contract might be renewed with another week if he or she behaves well, works hard and is obedient, and with another week, and so and on and on.

"Externalisation of labour virtually removes the direct claims that workers can make of management. External workers are rarely protected by law in the same way as workers with a 'standard' employment contract"[25].

The temporary labour agencies have "oiled the wheels of this process. In many countries legislation was enacted in the 1980s that facilitated the activities of labour agencies"[26]. We do not have "reliable global figures on the extent of externalised labour, but its growth may simply be illustrated by the growth of the labour agencies, that supply the temporary workers. The four main firms in this business (Adecco, Manpower, Vedior and Randstad), had 12,000 offices in 2003", and 6,000 more in 2007[27]. And these form only the more visible part of labour contracting. There is "a wide range of suppliers in the developing world who constitute the submerged part of that iceberg"[28]. And the practices of dealing with labour of these jobbers and middlemen are far more exploitative than their counterparts in the North.

And what is the result of this all for MNCs? "Both regarding contracting out of production and contracting in of labour: In direct employment terms, MNCs can thus remain 'model' employers, and 'employers of choice' while distancing themselves

[24] Croucher & Cotton 2009:18
[25] Croucher & Cotton 2009:18
[26] Croucher & Cotton 2009:19
[27] Croucher & Cotton 2009:19
[28] Croucher & Cotton 2009:19

from their suppliers and indeed the suppliers of the suppliers, where conditions are very different. Thus many MNCs follow a dual policy: ending or avoiding the employment relationship for the majority of employees and improving pay to well above local levels for a minority that they choose to employ directly"[29].

"Multinationals' policies in relation to unions varies a lot, and reflect at least to some extent their country of origin. US-based companies favour countries where wages are lower, where it is easiest to shed labour and the industrial relations environment is seen as benign for the employer. European based MNCs are relatively friendly towards unions"[30].

With few exceptions "local management pursues less union-friendly models then central management. For example, managers in countries such as Russia or Mexico where company unions are widespread, marginalise or exclude forms of unionism centred on mobilising workers and meaningful bargaining"[31].

So far the general picture. I would like to highlight a special development that has not received the attention it deserves. The world of multinationals has undergone a drastic change in the past 25 years. This is best illustrated by the following example[32]:

In February 2006, 800 workers in Europe's "largest frozen foods plant in Lowestoft, UK, faced a sudden and dramatic threat to their employment security when Unilever executives announced that the plant will be sold-off. This is despite the fact that the Lowestoft plant received a prestigious award only a few months earlier, namely, the Best UK Manufacturer of the Year 2005 for boosting productivity and achieving cost savings of £20 million. The plant also received the Unilever Excellence Award, a Special Award for achieving zero loss, and a safety record of two million accident free hours"[33]. It would seem that this is a factory every businessman would love to have.

[29] Croucher & Cotton 2009:19/20
[30] Croucher & Cotton 2009:20
[31] Croucher & Cotton 2009:20
[32] Taken from Greenfield 2006:3
[33] Greenfield 2006:3

Yet, Unilever decided to get rid of it. "The sale of the Lowestoft plant is part of Unilever's plan to sell off its entire frozen food operations in Europe following an assessment by the banker Goldman Sachs"[34] (the same as the one who kept on paying bonuses to its staff in the face of severe losses). "The plan was to raise £1 billion cash to boost "shareholder value" by the end of the year. The potential buyers are not food corporations, but private-equity funds. This represents an even greater threat to the employment security of the workers, since the potential buyers have no interest in actually operating a food processing company. Experience has shown that private-equity funds are interested solely in creating "value" through cost-cutting, lay-offs and restructuring before selling off acquisitions within three to five years. And in this process of destroying jobs they engage in aggressive union-busting"[35].

"One of the most significant features of the last twenty five years has been the progressive de-linking of the established relationship between wages and productivity. Productivity continues to grow, but wages no longer keep pace with profits and productivity. In the advanced capitalist countries the link between productivity <u>and</u> profit <u>and</u> wages was the foundation of collective bargaining"[36].

"The erosion and breakdown of that link, the re-emergence of significant poverty, and the persistence of 'jobless growth' have generated significant discussion, often in the framework of the debate on globalization. Yet to understand the fundamental power-shifts that are subjecting workers to continuous restructuring and constant employment instability we must address the question of financialization"[37].

"Broadly, financialization refers to both the growing importance of financial capital versus real capital in determining the ...returns expected from investments. It also refers to the increased domination of global financial markets"[38]. In other words: it no longer matters what a company produces, or how. "Under the new financial

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[34] Greenfield 2006:3
[35] Greenfield 2006:3
[36] Rossman & Greenfield 2006:55
[37] Rossman & Greenfield 2006:55
[38] Rossman & Greenfield 2006:55

imperatives, firms ... have essentially become 'a bundle of assets to be deployed or redeployed depending on the short-run rates of returns that can be earned' "[39].

"Investors in the manufacturing and non-financial services sectors now demand rates of return equal to those obtainable in global financial and stock markets, rates unthinkable even a decade ago. The head of Deutsche Bank has stated that return rates of 20 per cent on investment should be the eventual target for investors"[40], whereas 5 to 10 per cent was a traditional goal. Private equity's influence clearly raises investors' expectations of appropriate rates of return and erodes commitment to other stakeholders, like workers. Indeed, It has been shown that private equity has raised rates of redundancy across the world.

Firms which are quoted on a stock exchange nowadays are more concerned about the price of their shares then about anything else. In order to please the shareholders. Over the years the notion of "shareholder value" gained mythical strength: it determined all decisions of executive officers. Not production and productivity, not sales and quality, let alone employment and wages. Only the value of the shares. This is how Fortune Magazine, a major business magazine in the US described it:

> "This is what chief executives and chief financial officers dream of: quarter after quarter after blessed quarter of not disappointing Wall Street. Sure, they dream about other things too – megamergers, blockbuster new products, global domination. But the simplest, most visible, most merciless measure of corporate success, has become this one: Did you make your earnings last quarter?" (Fortune 31 March 1997)[41]

In a market where competition has increased as a result of globalization and a "market characterized by overproduction, the allocation of corporate funds for productive investments is seen as a *high risk* by investors"[42]. In other word, investors shunned away from productive investment. "Faced with aggressive shareholder

[39] Rossman & Greenfield 2006:55; See also Greenfield 2006:21
[40] Rossman & Greenfield 2006:55/56
[41] In Greenfield 2006:2
[42] Greenfield 2006:11

activism and warnings from Wall Street, company executives have found it simpler to use the profits of the corporation to buy back shares, pay out high dividends to the shareholders. Since these executives also hold shares and stock options as part of their remuneration, they benefit personally from this"[43].

"Over the past two decades there has been "a fundamental change in the incentives that guide the decisions of top managers. In the past managerial pay was linked to the long-term success of the firm. Now, managerial pay is linked to short-term stock price movements"[44], i.e. the success of the firm in the stock market. "This included phenomenally high executive salaries tied to the prioritizing of 'shareholder value' "[45]. It also meant that the interests of managers became the same as those of shareholders.

"The combined effect of these changes was to drastically shorten the planning horizons of corporations and the introduction of management strategies to enhance 'shareholder value' while undermining real economic performance"[46]. "Earnings and growth projections are determined by financial market expectations, not [by] what is feasible in real terms"[47].

"Financialization is ultimately a pattern of accumulation in which profit making occurs increasingly through financial channels rather than through commodity production and trade"[48].

Shareholder concern for profitability and good rates of return is certainly nothing new. "Companies have always sought to maximize profits. What is new is the drive for profit through the elimination of productive capacity and employment"[49]. What has also changed is the expected rate of return (more than 15 per cent) and the perceived source of potential profitability and how that potential is realized.... There is a powerful shareholder demand for debt-financing of any new investments.

[43] Greenfield 2006:11
[44] Greenfield 2006:11; See also the contributions in Epstein 2005
[45] Rossman & Greenfield 2006:56
[46] Rossman & Greenfield 2006:56
[47] Greenfield 2006:13
[48] Greenfield 2006:12
[49] Rossman & Greenfield 2006:56

Nowadays "unlocking shareholder value" has become a euphemism for debt and restructuring"[50], for laying off permanent workers, and for outsourcing.

Three examples, again from the food industry will illustrate this[51]:

Kraft, another big name in this industry with products as Starbucks and Taco Bell, launched a "Sustainable Growth Plan". It involved the elimination of 14,000 jobs and the closure of 40 factories. Not because these plants were making losses; not because the workers in these plants were unproductive. Only to boost shareholder value.

Unilever, mentioned before and another giant in this field, launched a "Path to Growth Strategy" in which 150 plants will be closed and 20,000 jobs destroyed. The bulk of savings thus earned has gone into raising dividends. The target was to raise the rate of return on capital from 12.5 per cent to 17 per cent.

Remarkable how top managers refer to massive job destruction as "growth", and use the word growth to appease their shareholders ....

The mere announcement of a plan for restructuring, involving plant closure and massive lay-offs by Nestle in 2003 led to a jump in Nestlé's share price by 28 per cent. Every decent-minded person would argue that these are very negative developments. It is dreadful and awful to sacrifice jobs in this way! But this is exactly what investor love. Investors refer to this phenomenon as 'unlocking shareholder value'[52].

What went wrong?

How is this process of financialization linked to the current crisis? "Failing financial regulation has been the enabling factor behind the crisis. By setting the wrong

[50] Greenfield 2006:22
[51] Taken from Greenfield 2006:14
[52] See also Lazonick & O'Sullivan 2000

incentives, by the perverse remuneration practices of bank managers. And, by excess liquidity creation"[53] through the 'unlocking of share holder value'.

The process of financialization (as I explained: the drive for profit through the elimination of productive capacity and employment) has greatly contributed to this situation.

"But the crisis is also the product of an unbalanced globalization process" … at a macro level we see that "within countries, income inequalities grew excessively, fuelled by the "mantra" of wage moderation"[54].

A few illustrations: first, a major cause of these income disparities has been the "wage moderation imposed on low- and middle-income households. As a consequence, in the USA, for instance, the wage share – the part of gross domestic income that goes to workers – has been declining" … Simultaneously, the income out of shareholding that goes to "the richest 10% of households has been on the rise"…." in particular, top executives enjoyed exceptionally fast income gains relative to the average worker. For instance, the ratio the wage of the CEO's of the 15 largest American companies to average wages of a worker increased from 1 to 370 to 1 to 521"[55]. In other words, an American boss receives 521 times more than what an ordinary worker earns.

"Second, next to wage moderation there were cuts in taxation on high incomes. Tax polices have become less progressive and therefore less able to redistribute the gains from economic growth"[56]. In other words, the rich were allowed to pay less tax, and to make up for this, indirect taxes were increased. This hits particularly the lowest paid workers.

The current crisis caused unemployment to rise. We know from previous crises that hit the world (Asia, Argentina, Mexico) that "employment in the construction sector is especially vulnerable in the early stages of a crisis. As the crisis spreads to other

[53] IILS 2008:1-2
[54] IILS 2008:2-4
[55] IILS 2008:4
[56] IILS 2008:4

areas, low-skilled workers are often the most affected by job loss. Even when economic activity recovers, these workers find it difficult to get new employment and, even if they do find a job, this comes with considerably lower wages than prior to the recession"[57]. The loss is not only felt in loss of wages, but also in things like allowances in health and transport and social security coverage[58].

In the international sphere, we also see that a crisis will in particular lead to a reduction in remittances of international migrants. "An estimate by the Inter-American Development Bank shows that remittances to Latin America decreased by around 2% in 2008 (which was the first decline since 2000). In particular, the downfall in the construction sector in the United States, where 20% of, mainly Hispanic, migrants work, is contributing to these shifting fortunes ... Similarly, remittances going to Asia, especially to the Philippines, are likely to decline as workers in the oil economies of the Gulf countries are the first to lose their job and to return to their home countries"[59]. "A similar picture emerges from the 30 million Africans who work abroad and send remittance back to Africa"[60]. But also internal migration is affected: In China over 20 million labour migrants lost their jobs and had to go back to the rural areas where they came from.

As a result of all this: we see that school attendance may drop as parents are no longer able to raise school fees. The lay-offs of workers in the formal sector will increase the ranks of informality and put further downward pressure on wages. The ILO estimates that, as a result of the crisis, the number of working poor living on less than 2 dollars a day could increase by over 100 million[61].

What can be done?

The International Institute of Labour Studies attached to the ILO in Geneva has proposed a policy package on which I would like to draw here[62].

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[57] IILS 2008:8-9
[58] IILS 2008:9
[59] IILS 2008:10-11
[60] IILS 2008:11
[61] IILS 2008:9
[62] IILS 2008

First, the approach has to be global to deal with the combination of failing capital markets, drying-up of credit, massive job losses and growing poverty. Second, "remedies based on the so-called Washington consensus – meaning further labour market deregulation, cuts on social protection and little focus on core labour standards — are out of the question. Indeed, such an approach would not only damage the social fabric, but would also compromise the recovery"[63].

Such a policy package needs to follow a three-pillar approach.

First: "an immediate policy objective is to stabilize the financial sector and restore confidence on capital markets"[64].
Second a "macroeconomic stimulus is needed to boost domestic demand, thus support the economy and job creation"[65].
And "finally, to mitigate the negative effects of the crisis on disposable incomes and on income inequality, social welfare systems need to be strengthened and workers' rights protected"[66].

Let me briefly elaborate on these three:
The proposed global package includes, first, stabilizing the financial system.

"It is now widely acknowledged that a three pronged approach – restoring confidence by providing explicit public guarantee on bank liabilities, taking troubled assets off banks' balance sheets, and injecting capital – is the right first-order response"[67]. And this is what authorities in the USA and Europe have done in a coordinated manner.

Moreover, "the current reward structure for executives and bank managers needs to be changed. The existing remuneration model leads to misallocation of risk and places burden on those least capable of taking on large gambles. The long-term survival of the firm should again become the basis for reward to managers. This would mean abolishing shareholder value as an indicator of success for the

63 IILS 2008:12
64 IILS 2008:12
65 IILS 2008:12
66 IILS 2008:12
67 IILS 2008:12

compensation of managers. Some countries like the UK have moved in this direction and this should be used as a best practice by all governments"[68].

"Second, the global package should include support to innocent victims of the crisis including proper access to well-designed unemployment benefits"[69].

"Income inequalities and social conditions are likely to worsen further following the hit from the financial crisis"... "The social consequences emanating from job destruction and falling wage are severe" ... "In particular, three consequences for vulnerable groups need to be addressed: (i) the loss in income following the rise in global unemployment, (ii) a quick return to employment for those who lose their job, and (iii) restore wealth in pension systems, especially if they are publicly funded"[70].

"Earlier experiences during the Asian crisis demonstrate that at times of crisis, implementing even basic social security programmes can help to limit the economic and social consequences of the crisis"[71], especially for the working poor.

Most importantly, substantial coordinating measures at international level are necessary to support growth and job creation[72], "set up around increases in public investment, possibly linking the package to the development of infrastructure or expanding capacity in green energy"[73].

This push for a pro-poor growth agenda would strengthen growth, and more broadly, would reduce income disparities. "Currently, the numbers of 'working poor' are rising rapidly, and as such, policy reforms need to focus on improvements in the quality of employment, with better incomes"[74].

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[68] IILS 2008:14
[69] IILS 2008:14-16
[70] IILS 2008:14
[71] IILS 2008:15
[72] IILS 2008:18-19
[73] IILS 2008:19
[74] IILS 2008:20

"Moreover, tax and social policies should be redesigned to support employment. This should include universal access to basic social services, such as education, health and water"[75].

"The current crisis should, therefore, be taken as an opportunity to undertake a broad overhaul of social policies, refocusing on equal opportunities and a fair distribution of the benefits of growth and globalization. This also means that wages should be better connected with productivity developments – traditional wage moderation strategies are not the answer. The policies from the past will no longer work today. But the goal of a fair globalization encompassing equal employment and income opportunities combined with social protection and security should remain at the fore of policy makers' minds"[76].

Where does all of this leave the trade union?

"The consequences for unions of the current wave of globalization have been severe. Many of the old certainties and structural supports for trade unions have been removed. The predominance of neo-liberal economic ideas has reduced union political influence. MNCs have become more assertive in relation to national governments than in previous waves of globalisation, while the growth of informal work has diminished union membership and economic power. The possibilities of unions dealing with their problem at national level have clearly gone down. National regulation has far less mileage than hitherto and unions therefore have to turn, and indeed did turn, to the international level for solutions"[77].

Workers working for global corporations need global unions. And the current economic crisis has made it abundantly clear that the global economy needs global rules.

In the past decades International Trade Union Confederations have sought a seat at the bargaining table where the board of managers of global capitalism meet: the IMF,

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[75] IILS 2008:20
[76] IILS 2008:21
[77] Croucher & Cotton 2008:22

WB and WTO. But the union federations were only marginally successful in actually influencing decisions.

What the world needs is a democratically governed, global institution coordinating global economic policy. We need stronger integrated and coordinated policy intervention. Developing countries need a seat in governing bodies of these international financial institutions, to ensure democratic decision-making in order to take into account the interests of all countries. This is exactly what representatives of GAWU have also recently argued in the Caribbean context at a conference in Jamaica in April this year[78]. I want to congratulate your leadership with this insight, just as I want to salute you all on this day on which you celebrate the glorious and long history of the General and Agricultural Workers Union, GAWU.

It gives me great pleasure to formally and officially declare open your 19th Delegate Congress and wish you all success in your deliberations which I am certain will redound to the benefit of the people of Guyana and the workers of the wider Caribbean region!

Thank you!

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[78] Promoting Human Prosperity Beyond The Global Financial Crisis: Reform of International Financial Institutions To Make Them Sensitive To The Needs Of Developing Countries. 1-2 April 2009, Kingston, Jamaica.

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