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Davos: Corporate Greed Has to Stop

Urgent Action Needed on Financial Reform and Jobs

Brussels, 26 January 2010 (ITUC OnLine): Trade union leaders attending the World Economic Forum Annual Meeting in Davos this week will use the occasion to maintain pressure on governments to act urgently to tackle the deepening global employment crisis, and to move ahead with reform and restructuring of banking and finance. The unions will also challenge the business world to work with governments and unions to create decent jobs and to support financial reform rather than oppose much needed changes, as many in the financial sector in particular have been doing.

"Business has traditionally used the Davos platform to push for yet more deregulation and convince governments to leave everything to the market. This approach has had catastrophic results, with some 60 million people expected to lose their jobs due to this crisis and taxpayers having to bail out financial institutions which failed because of a toxic combination of greed and the withdrawal of governments from their responsibilities to govern effectively," said ITUC President Sharan Burrow.

In its statement* to the Davos meeting, the ITUC, with its Global Unions partners and national affiliates, will push a series of key policy demands which are central to the trade union inputs to the G20, the international financial institutions and the WTO. These include:

- reform and restructuring of the banking and financial sector, with the plans announced by US President Barack Obama as key components in a broad set of legislative measures which should also include action on executive pay and bonuses, and a financial transactions tax;

- renewed and reinforced economic stimulus by governments with decent

employment as a central focus; and,

- cooperation between governments through the G20 and the international institutions to ensure a coherent approach and avoid "regulatory arbitrage" whereby companies seek lax regulatory jurisdictions to conduct their business.

"Job losses are expected to continue throughout 2010. With stimulus packages due to end in the next months, governments need to launch renewed economic support in order to avoid a prolonged and deeper recession. Along with the terrible consequences for those directly affected, rising unemployment is likely to choke economic demand and set back the prospects for recovery. Employment, including investment in putting economies onto a low-carbon pathway, must be at the heart of renewed stimulus," said John Evans, general secretary of the Trade Union Advisory Committee to the OECD.

With executive pay, especially bonuses in the banking sector, causing outrage around the world, the unions are demanding action on the issue by governments and regulatory authorities. Billions of dollars of bonuses have been announced, including by banks that were rescued by taxpayer funds.

"Davos CEOs are overpaid and out of touch," said Philip Jennings, general secretary of UNI Global Union, which covers workers in the services sector. "There is no relation at all between the performance of the highest-paid in the finance sector and the massive bonuses which they have been ripping out of the system for themselves even as the real economy has gone into a tailspin. Governments need to put a stop to this. The proposal that executive incomes should be limited to 20 times median earnings would still leave them with plenty to live on."

In many cases, those who receive the biggest salaries and bonuses have an inside track on the discussions of governments and regulators on how to move out of the crisis.

"Those in banking and finance who still claim that this crisis could not have been predicted are either dishonest or incompetent. This may be good enough for the banks themselves, but it falls well short of what societies need and what governments should do," said ITUC General Secretary Guy Ryder.

Fourteen trade union leaders from the ITUC, Global Union Federations and national trade union centres will be in Davos for the World Economic Forum Annual Meeting, 27 - 31 January. A Labour Leaders' press conference will take place on 28 January at 15.00 at the Davos Congress Centre.

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* to read the Labour Leaders' statement to Davos 2010, see:

http://www.ituc-csi.org/IMG/pdf/2010_Statement_of_Labour_Leaders_to_the_World_Economic_Forum_Annual_Meeting.pdf

The ITUC represents 175 million workers in 155 countries and territories and has 311 national affiliates. Website: <http://www.ituc-csi.org> and <http://www.youtube.com/ITUCCSI>

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