



## **Final declaration**

*Comment by the participants of the conference on the topic: "Strategies of overcoming the economic and financial crisis – What scope of action for the social partners?" organised by EZA in cooperation with EZAB and the CSA with international participation in Munich (Germany) from 13 to 15 March 2009.*

The global financial crisis has left the virtual financial markets and grown into a severe global economic crisis at the beginning of which we are today.

As a network of Christian social trade unions and workers' organisations we are looking with great anxiety at its effects on the situation of the workers. Even in this difficult situation, and especially now, it is particularly important that we stand up for our basic ethical concerns such as the creation and preservation of sustainable workplaces, a secure and fair wage and income situation of the workers and the upkeep of the social security systems. Against this background and out of this conviction we have drawn up the following declaration:

The financial crisis and the economic crisis in the meantime are reinforcing each other mutually and their effects can be felt in all regions of the world. This fact has led to a drastic correction of the growth predictions for 2009 and a deep world-wide recession is in store for us, whose indicators such as a fall in demand, reduction of overtime and reduced working hours, lacking investments and falling wages are already clearly noticeable. The acute lack of demand is one of the central causes for the poor economic situation in which most states find themselves.

Handling the economic and political crisis has absolute priority world-wide. Without additional investments in the fields of education, infrastructure, health, climate protection and energy and foodstuff security the consequences of the crisis might have a fatal effect.

Because of the international interdependency of finances, markets and policies, national solo runs will not lead anywhere. What must have top priority in this context is the protection of the

European workers. Therefore a coordinated approach is required on a global, regional, national and local level which includes the social partners and non-governmental organizations (NGO) so that the consequences of the crisis can be minimized long-term and demand stimulated.

The ones most hit by the crisis are those who were not involved in its origins and who are now fearing for their jobs or have lost them already – the people in the world of work and their families. It is important to configure economic stimulus plans in such a way that the demands of the workers are taken into consideration and that they will profit from the programmes initiated. To guarantee an adequate representation of the workers' interests it is important to involve the trade unions and the workers' organisations in the local, national, European and international negotiations. Only then can the great uncertainty of the workers and the crisis of confidence in banks and the economy be overcome. It is up to the state to give the people support and orientation by acting consequently and coherently. Honest cooperation and solidarity between politics, the economy and trade unions are of central importance for this.

The social partners have important rooms for manoeuvre at various levels. They must find attention as negotiating partners on the national, European and international level:

### **Possible courses of action with regard to workers**

The social partners should continue to push the implementation of minimum wages on a legal basis or on the basis of collective bargaining and of general collective agreements, stand up vis-à-vis the state for relieving small and medium incomes to strengthen demand, extend the time-limit for receiving unemployment benefits and tie these to programmes for further training, push on with the extension of offers for qualification of workers, avoid the pawning of owner-used residential property through alternative methods of financing and insist with the state that private households are given credit by banks which are supported by the state.

### **Possible courses of action with regard to companies**

The social partners should induce the companies by mutual agreement to introduce variable working hours and training programmes instead of laying off workers, insist with the state that credit-worthy companies are given credit by banks which are supported by the state and continue to push the possibilities for enhancing the equity capital formation of companies through capital participation of the workers in their own company and accomplish more possibilities for co-determination of the workers in the companies.

### **Possible courses of action with regard to the financial system**

The social partners are obliged to insist with the state on the creation of effective supervisory and control mechanisms of the financial system through functionable financial regulatory authorities and through an efficient, independent and newly created control system at the national, European and international level. They should support a restriction of consumer investments, pension and insurance funds to the highly regulated field, demand a higher capital base of the banks and advocate a strict separation between the traditional bank functions and the investment field. They should furthermore demand from the state the creation of a guarantee network for private banks and the certification of financial market products. Another possibility of restricting speculation bubbles can be realized by taxing short-term and speculative transactions and by introducing a stock transfer tax from a certain profit margin. The social partners should persuade the state to control independent rating agencies more in a stronger and more committed manner, to consequently limit the salaries of managers and counter them through a progressive income tax.. We are against the payment of bonuses, since these have proven to be non-transparent and unsuccessful.

### **Possible courses of action with regard to the state authorities**

The social partners should insist on the efficient implementation of the economic stimulus plans of the state at the local, national, European and international level. Social aspects such as investments in education and health must also be at the centre of such programmes. The fields of science and research and long-term infrastructure projects should also be promoted.. A future-oriented model for preventing social dumping in future, which the social partners ought to push, is the introduction of a corridor model, which lays down the relation of GDP to social expenditure and thus also contributes to guaranteeing the social security systems. The state should also be encouraged to push the creation of new jobs in future-oriented and sustainable fields and promote alternative energies. The creation of a simple and just fiscal system which prevents the tax exemption of companies and prohibits the complete transaction of the profits must also be demanded.

### **Possible courses of action with regard to fighting poverty**

The social partners should induce their governments to increase the agreed percentage of development aid to 0.56 percent of the gross national income till 2010 and to 0.7 percent till 2015. The EU in particular, which developed a graduated scheme for its member states for reaching these targets, must continue to pursue this goal in view of the financial situation. A proposal which the social partners should support is the introduction of a tax on short-term transactions as part of the reform of the financial markets. Part of this revenue could be used as additional funds for the fields of development cooperation and fighting poverty.

The present crisis and the people's loss of confidence in the financial and economic system accompanying it offer the chance of reforming the present financial architecture in a sustainable manner according to the above proposals and to move the social component of the social market economy more into the centre again. Especially the workers and the poor people, who through no fault of their own are the main victims of this crisis, must emerge from this crisis strengthened through social programmes. For this it is necessary that a new definition of the Lisbon strategy appears on the European agenda as primary concern. In this context it is the duty of the states to push the necessary changes in a future-oriented and just manner and through dialogue. The objective has to be a future-oriented fighting of the causes by means of the proposals presented.

The participants of the conference

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