

TIME FOR A FUNDAMENTAL CHANGE

Thursday, November 6, 2008

In early October, the Canadian Labour Congress issued a clear analysis of the financial meltdown. Canadian working families are bearing the brunt of a deep economic crisis caused by a self-serving and arrogant corporate elite, aided and abetted by complacent and do-nothing governments. Our jobs and our pensions are at risk. What is needed is nothing less than a fundamental change of course.

The federal government must develop an emergency national action plan with input from labour. This must include measures to audit, re-regulate and shore up our financial system, and concrete measures to save and create jobs through major public investments and changes to unfair trade deals.

We cannot leave it to those who got us into this mess to get us out of it. For years our corporate and political elites have been telling us that the economy was "fundamentally sound", even though our wages were stagnating, good manufacturing and forestry jobs were being lost in the tens of thousands, and ordinary working families were going deeper and deeper into debt just to stay afloat.

The financial crisis brought on by an utterly irresponsible and transparently self serving elite of bankers and outright corporate criminals now clearly threatens to drag us into a global depression. Those in Canada and around the world who proclaimed the virtues of deregulated global finance and do nothing governments stand naked and discredited.

We can pretend that all of the damage was done by Wall Street. But it was Canada's own financial insiders who were behind the Asset Backed Commercial Paper debacle, and Canada's own Minister of Finance who refused to get involved, preferring "a market led solution" which left huge holes in our pension plans.

The Canadian banks and their economists assure us that our own financial system is sound. We hope this is the case, but we have had no independent auditing of the risks to the system, and no clear idea of the impact of this crisis on our pension plans and on the savings of working families.

No one today can parrot yesterday's official line that the "fundamentals" of the Canadian economy are sound. The meltdown of our Canadian stock market has been as bad as the US. Far from providing us with a cushion, our once booming resource sector now seems headed for just as deep and punishing a crisis as the hard-hit manufacturing sector.

At one level, we are paying the price of a hugely inflated credit bubble, the product of government regulators failing to reign in the excesses of self-serving global financial elites who personally pocketed billions getting us into this mess. But the roots of this crisis lie deeper. In a world where workers wages have been stagnant while corporate profits and executive pay have soared to obscene levels, the only source of growth has been debt fuelled spending. In Canada today, as in the US, family debt is at a record high because our economy has not worked for working people.

The economy will not be fixed by Wall Street bailouts, or by platitudes about the need for a steady hand on the tiller as we go into the abyss. Unemployment will soar if governments, at the national and international level, do not take real measures to fix the real problem of stagnant wages and huge trade imbalances. It is simply no longer an option for governments to stand back and do nothing, and pretend that all is well. The Emperor of deregulated global capitalism has no clothes.

The Executive Board recommends that Labour Council:

1. Fight any attempt to put the burden of this crisis onto workers' shoulders, including organizing coordinated support for the unions that are targeted.
2. Oppose any attempt to privatize public services or public assets.
3. Deepen our analysis of corporate globalization and engage our affiliates in developing comprehensive strategies to counter it.
4. Continue to promote coalitions between unions and social justice groups to struggle together for a good jobs economy based on equity and sustainability.