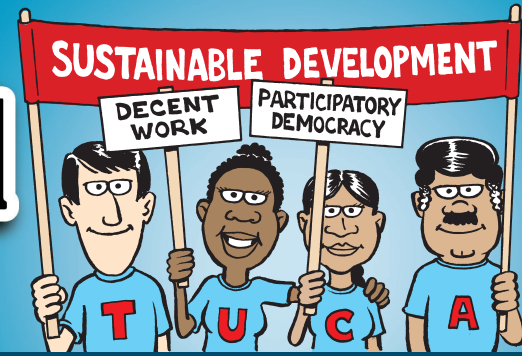


# Changing the Model

The Labour Movement of the Americas can help the region prosper in the face of global crisis



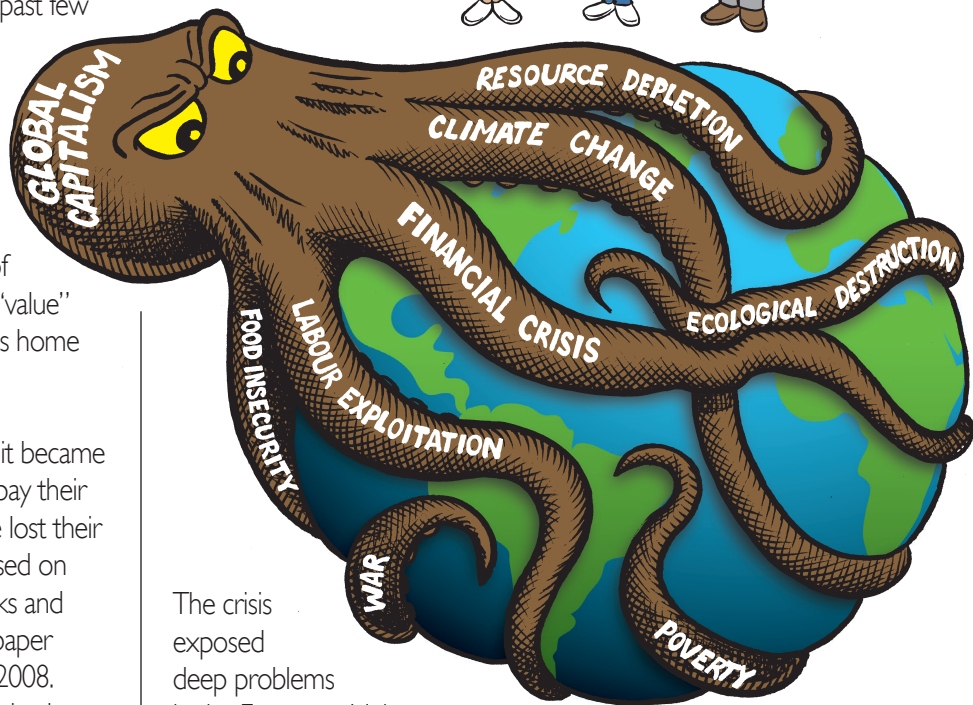
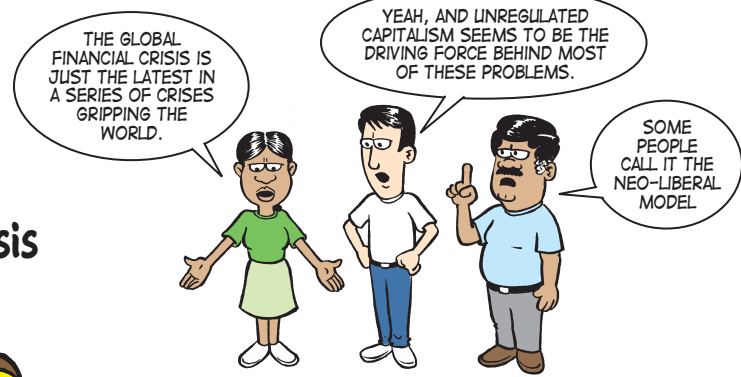
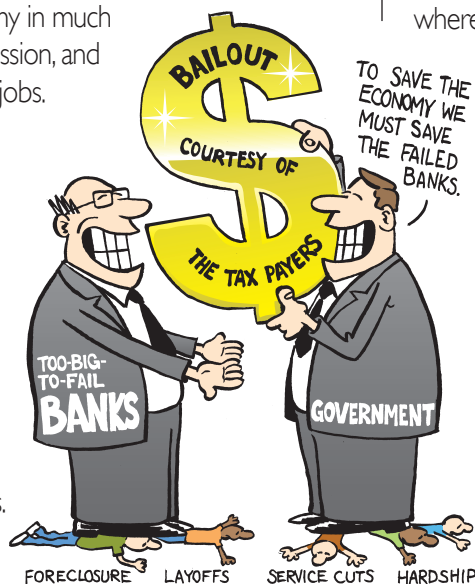
The world is still reeling from the effects of the 2008 global financial crisis. What caused the crisis? How did it affect workers in the Americas? And what should we do to protect our economies from further crisis?

## A short history of the global financial crisis

There were many causes behind the global financial crisis, but one of the main ones was deregulation. Over the past few decades, many countries deregulated their financial sectors so investment banks could make more profits. This allowed the global financial sector to get wildly out of control—it became like a giant casino, with greedy investors placing risky bets to win high returns. Their main activity in the years leading up to the crisis was the buying and selling of exotic forms of tradable debt, and driving up their “value” through speculation. A lot of this debt originated as home mortgages being bought by U.S. citizens.

In 2007 the U.S. housing market began to crash as it became clear that millions of people would not be able to pay their mortgages. As mortgages began to fail and people lost their homes, the complex global web of investments based on these mortgages started to go sour. Many big banks and investors who owned a lot of the now worthless paper faced insolvency. Global stock markets crashed in 2008. Frightened businesses and consumers began to cut back. The real productive economy in much of the world went into recession, and millions of people lost their jobs.

But not the financial executives and bankers who caused the crisis! They received urgent help from their friends in government, who bailed out their companies with trillions of dollars of public money, no-interest loans, and shady schemes to hide their losses.



The crisis exposed deep problems in the European Union, where poorer countries, like Greece, were having trouble

servicing their large national debts. E.U. leaders forced them to accept a neo-liberal program of deep cuts in public spending (austerity) and privatization in exchange for bailouts to help pay off banks and bondholders. These austerity measures are plunging the Greek people into an economic depression. Now, many governments around the world are planning austerity measures to deal with public deficits. This threatens to push developed economies back into recession.



## Some South American countries avoided the worst of the crisis. How did they do it?

In the Americas, the countries most dependent on the U.S. market were the worst affected by the global financial crisis and recession. But many countries in South America, and the continent as a whole, managed to avoid the worst effects. After a slight dip in employment in 2009, the continent quickly returned to strong economic growth. Why?

People began electing progressive governments across South America around the turn of the century. Since then, they have been working to reverse some of the disastrous neo-liberal economic policies from previous decades which had decimated public services, social security, health care and education. They increased spending on social programs and infrastructure, and increased the legal minimum wage, among other things. These measures helped reduce poverty and inequality, which helped maintain economic growth and consumption during the global crisis.

Progressive governments deserve some of the credit, but they were not acting alone. The labour movement's struggle for economic equality and justice goes back many decades.

THE COUNTRIES WITH THE CLOSEST TIES TO THE U.S. ECONOMY WERE THE HARDEST HIT

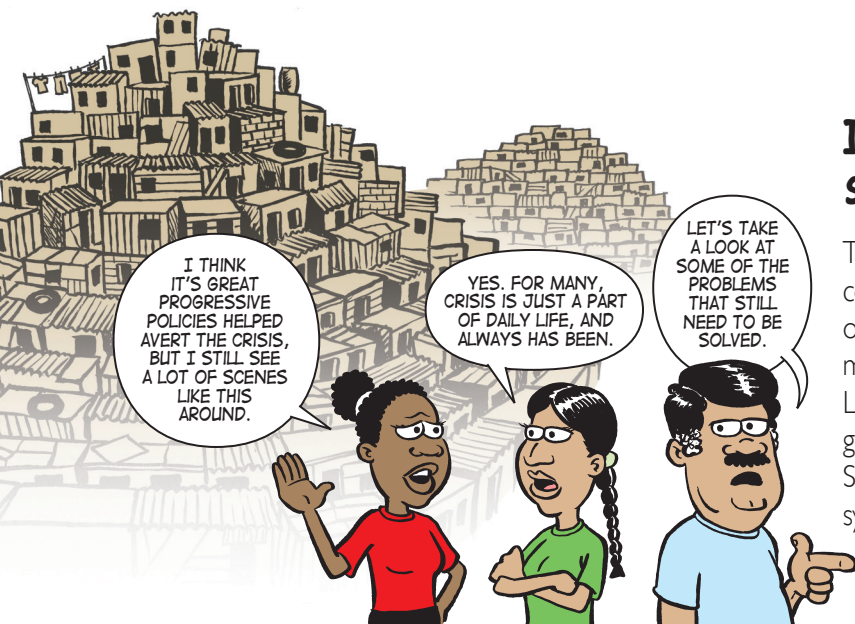
Another reason for South America's strength during the crisis are the many overlapping projects of political and economic integration going on around the region. Cooperation on economic, social and political issues among nations has helped the region become more independent—and more able to determine its own future.

Finally, there was an important external reason for South America's success that can't be ignored: the strength of global commodity prices, and Asian (especially Chinese) demand for Latin America's raw materials and natural resources.

PROGRESSIVE GOVERNMENTS IN SOUTH AMERICA HELPED INSULATE THE CONTINENT WITH A FOCUS ON POVERTY REDUCTION, SOCIAL SECURITY AND DEVELOPMENT

PLUS, ALL THESE WORKING AGREEMENTS ON POLITICAL AND ECONOMIC COOPERATION HELPED BY MAKING THE REGION MORE INDEPENDENT.

CELAC: Community of Latin American and Caribbean States; ALBA: Bolivian Alliance for the Americas; UNASUR: Union of South American Nations; MERCOSUR: Common Southern Market; CAN: Andean Community of Nations; CARICOM: Caribbean Community; SICA: Integration System of Central America



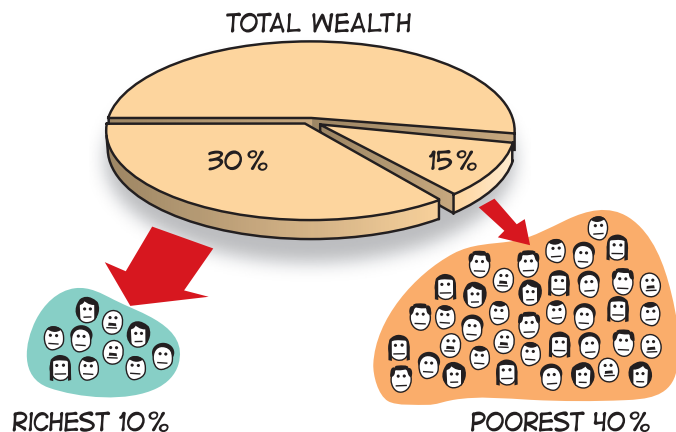
## It's a positive trend, but there are still serious problems to overcome

Thanks to the progressive social and economic policies of many countries in South America, the region is considered to be one of the engines of global growth and recovery. This is good, but much more needs to be done—in South America and across Latin America and the Caribbean. There is still a long way to go to reverse the damage done by decades of neo-liberal rule. Serious injustices in our economies, our workplaces, our political systems and our societies are still with us.



## Poverty and inequality

Widespread poverty and inequality are still big problems in most Latin American countries. As a whole, about a third of the region's population lives in poverty or extreme poverty—about 180 million people. Inequality remains extreme with the richest 10% of the population receiving 30% of the wealth, and the poorest 40% receiving only 15%.



## Unemployment, youth neglect and crime

While more people are working than were a decade ago, no country has full employment. That means millions of people still need work—a problem that is particularly bad among young people. Alarming numbers of youths, lacking work and educational opportunities, are being attracted to organized crime. Meanwhile, there are too many children working who should be going to school. Child labourers are often forced to work for free, and most work in dangerous jobs that no child should ever have to do.



## The poor quality of jobs

Economic growth has brought more jobs, but the quality of those jobs is a serious concern. Informal work is on the rise, and so are precarious, unstable jobs in the formal sector. Workers in these jobs often lack a contract, adequate wages, benefits, job security, and other basic protections. Neo-liberal corporate-friendly policies favouring labour "flexibility", such as outsourcing, are still commonplace in many countries.



## War against unions

Trade unions are essential in the struggle for decent work. But the union movement in Latin America faces serious obstacles. The right to freedom of association and collective bargaining is not respected fully in all countries. And in some extreme cases, being active in a trade union can threaten your life—violence against unionized workers is especially prevalent in Colombia, Guatemala and Honduras.



## An unfair tax system

While progressive governments have made efforts to redistribute wealth through social investment, the tax system in Latin American countries acts to maintain inequality. Most countries use consumption taxes instead of income tax. This is "regressive", which means poor people and rich people end up contributing about the same percentage of their money in taxes. This places an unfair burden on lower income people. To truly have a society that redistributes wealth and reduces inequality, we need "progressive" taxes, where the wealthier you are the more you pay, and the poorest pay nothing at all.

## Women's inequality

The situation for women has improved a bit, but women still face discrimination and unfair work loads. In the workplace, women commonly earn less than men who do the same job. In the job market, women are more likely to occupy informal and precarious jobs. At home, women bare the unfair burden of child care, health care and elder care for their families, especially since governments cut and privatized services during the years of neo-liberal rule. Finally, women still suffer high rates of domestic violence.

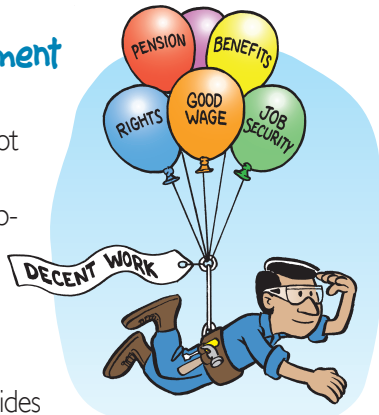


# The challenge for the labour movement, and TUCA

Our region must continue to protect itself from the global crisis, while at the same time dealing with historic injustices—and the labour movement has an important role to play. We need to fight to make sure recent progressive achievements become permanent, and push governments to continue to turn back the enormous legacy of neo-liberal policies.

## Sustainable development and decent work!

Economic growth itself is not enough. We need to work towards sustainable development. TUCA believes the foundation of sustainable development is decent work for all—work that pays a living wage and provides benefits and protection against abuse. We urge each nation to fulfill its ILO commitment to implement a National Decent Work Plan. And for those who can't work, there must be a guaranteed minimum of social protection, so that no-one has to live in poverty. Finally, sustainable development means focusing on economic activities that don't destroy the planet. In addition, we need to ensure “environmental justice,” which means compensating poorer communities who are disproportionately affected by ecological destruction.

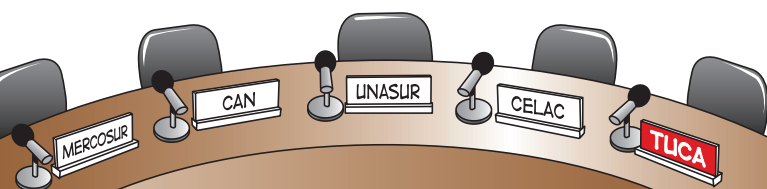


## Freedom of association!

Workers in all countries must have the right to organize into, and be represented by, trade unions. TUCA defends people's right to freedom of association and collective bargaining, and urges all countries to ratify and abide by ILO conventions 102, 189, 151 and 154 (among others).

## Regional integration that works for workers!

The various projects of regional integration among Latin American countries have made the region stronger and more resilient. TUCA supports this process—but insists on a strong labour voice at any negotiations.



## Stop the global casino!

Countries must put curbs on the riskiest behaviour of financial traders and speculators, who can decimate an economy through their reckless actions. TUCA supports the re-regulation of financial flows, and the implementation of a small tax on financial transactions, revenue that could be used to strengthen public services.

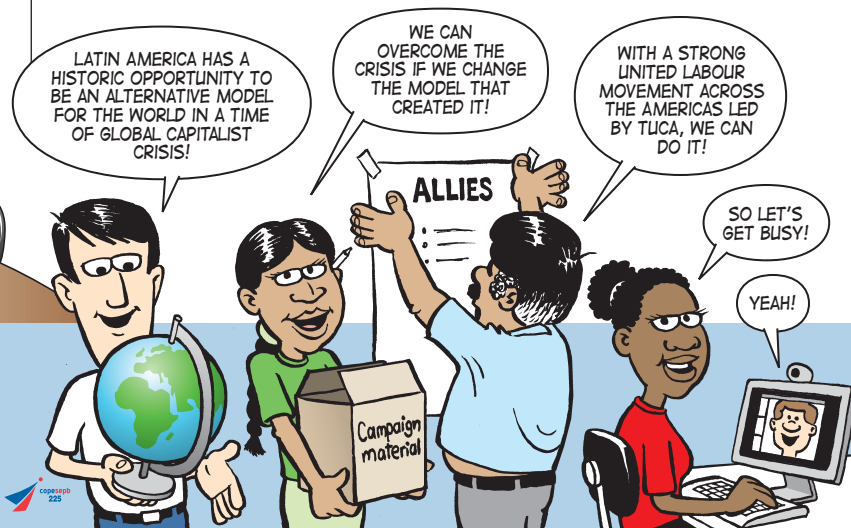
## Participatory democracy!

After a long history of rule by dictatorship in Latin America, democratic government is now the norm across most of the region, although the recent coup in Honduras was an alarming setback. Still, democracy must be about more than just voting every few years. TUCA believes in a more robust kind of democracy, where citizens participate in the policy decisions that affect their daily lives. For this, we need mechanisms for participatory democracy, such as referendums and public consultations. Finally, a truly democratic society is also one that eliminates women's inequality and the social exclusion of marginalized groups.



Not only do our political systems need to be more democratic, so do **we**—the trade unions and labour organizations, both national and international. TUCA urges all labour organizations to become more representative of the communities they fight for—starting with including more women and youth in their ranks!

## We can show the world!



Trade Union Confederation of the Americas  
[www.csa-csi.org](http://www.csa-csi.org)

Funded and supported by the International Trade Union Confederation and the Canadian Labour Congress. Written, designed and illustrated by Tony Biddle, [www.perfectworlddesign.ca](http://www.perfectworlddesign.ca). Adapted from original research and writing by TUCA. © 2012, Tony Biddle



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