

RENGO's Statement on the International Financial Crisis

**At a historical turning point
Let us steer toward Land of Hope, Japan**

Japan Trade Union Confederation (RENGO)

1. Our understanding of the situation

(Aspects of world simultaneous crisis)

Triggered by the subprime loan problems originating from the collapse of the housing “bubble” in the US, the world seems to be falling into a global financial crisis.

While some argue at this point that the effects on the Japanese economy will be limited, our fear is that given that the world economy and Japanese economy depends on are interdependent, if the world economy stagnation turns out to be prolonged and serious, its effects on the Japanese economy will also be immeasurable.

(The crime of rampant market fundamentalism)

The neoconservative policies aiming for a “small government” that were pursued by the Reagan administration in the 1980s allowed the rise of market fundamentalism, leading to the trend of placing importance on efficiency rather than fairness. With the rapid growth of the American economy since the 1990s as a contributing factor, many countries followed the US trend, leading to the formation of the “commonsense” that market fundamentalism-oriented policies are the global standard. In addition, due to the spread of financial capitalism (casino capitalism), money going beyond the real economy began to run wild in the search for more wealth.

As a result, the foundation for a society based on social fairness and security/safety was shaken. Throughout this period, social disparities widened and poverty increased. Speculative money flooded the stock market and the principle of shareholder primacy has spread, which led companies to urge to put excessive priority on returns for shareholders. With this, the ties between stakeholders such as employees, local communities, business connections, etc., and companies have weakened. Labor's share has also decreased. Competition has become harsher than ever, with putting responsibilities overwhelmingly on individuals, which resulted in a society filled with anxiety and distrust, and, broken communities.

(The end of market fundamentalism)

The excessive speculative behavior that has thrown the world into turmoil has followed a

path toward its own destruction. The “collapse of Wall Street” signals the end of the market fundamentalism that has been called the global standard.

Today, how companies should behave is in question.

(The world is poised to change.)

In what direction is the world moving? Where is Japan going? How should RENGO play its proper role and fulfill its duties at this junction?

At the G8 Labor Summit held in Japan this year, we reconfirmed together our recognition of the danger stemming from the collapse of the middle class, which forms the foundation of our society, caused by rampant market fundamentalism. We also came to a consensus that trade unions around the world will make efforts in solidarity to achieve decent work in order to mitigate poverty and unemployment that have spread around the world.

There are high expectations in the US for the advent of a new administration under Barack Obama, who advocates “change.” The world is poised to change, and the US is poised to change. Shouldn’t Japan change as well?

2. Toward the construction of Land of Hope, Japan

(The time is now for a paradigm shift.)

We are at a historical turning point.

Our values need to undergo a fundamental transformation. A society based on unfettered competition is not one where people can live. We need to form a broad national consensus on building a society where the cooperative principles of “solidarity and mutual assistance” play its role. It must be a warm society based on consideration for others. We should veer sharply toward the values that proclaim that a society without excessive pressure is desirable, move from the principle of shareholder primacy to that of stakeholder primacy, and from putting priority on efficiency and competition to creating Japan where fairness and solidarity are regarded highly.

(RENGO’s mission and social responsibility)

In Japan today, it is essential that we begin to reconstruct a stable employment system and social security system that can be relied upon, and achieve a transformation to an economic system and economic and financial management that is based on domestic demand. We should rebuild a large middle class and realize safe, secure, trustworthy and hopeful Japan.

In this era, where globalization has made immense progress, it is not possible to construct a social model based on the development of one’s own country alone. It is

necessary, rather, to grasp poverty and unemployment around the world as a common challenge and proceed to construct an international framework geared toward the realization of the dignity of labor and a society with equity and fairness. It is high time for us to realize the spirit of the ILO Philadelphia Declaration that “Poverty anywhere constitutes a danger to prosperity everywhere.”

At this historical turning point, RENGO recognizes the social responsibility of trade unions and will work toward the formation of a broad national consensus in order to achieve a paradigm shift. Aiming at realizing a “welfare-oriented society based on labor,” we will play our proper role as a driving force of the movement.