

Financial Crisis



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Outline



- General effects of crisis
- Effects related to CSR
- Effects related to Decent Work

Effects of crisis



- Vastly increased unemployment, loss of homes, uncertainty about the future
 - Increase of those on less than \$1 rise by 40 million, less than \$2 by 100 million
 - 9.5 percent unemployment in Eurozone (as of today)
- Bankruptcies and near-bankruptcies in financial sector
- New capitalization requirements
- Reduced commercial and personal credit
- Reduced activity in housing and related sectors, tourism, consumer goods

Effects of crisis 2



- Increased domestic public expenditure, public sector deficits through
 - Bank and manufacturer support
 - Unemployment costs
 - Sudden reduction in private sector pension funds
 - Reduced tax receipts
- Decreased foreign expenditure?
 - Aid budgets

Effects of Crisis 3



- Increased public ownership of banks, manufacturing
 - Increased democratic accountability for publicly owned companies and operating decisions
 - ✦ bank bonuses?
 - ✦ Repossessions
 - ✦ Redundancies?

Effects of crisis 4



- Reduced CSR activity in sectors affected by bankruptcy, sharply reduced revenue?
- Do certain commercial sectors have special corporate responsibilities?
 - Banking and financial services (because of responsibility for crisis)
 - Manufacturing (because of support during crisis)
- What might these responsibilities be?
 - Responsibility to lend?

Crisis and Decent Work



- **Social Protection**
 - More important, but less easy to fund?
 - Intergenerational issues
 - Gender Issues
- **Social Dialogue**
 - Vaguer boundary after crisis between private and public sector; should governments put greater pressure on companies as “owners”, major shareholders?
- **Economic Growth**
 - How will this be affected by long-term public debt problems in the rich North?

Crisis and Decent Work 2



- **Globalization issues**
 - Will worsening deficit position of Northern countries draw funding away from aid, MDG support?
- **European issues**
 - Restrictions in labour markets?
 - Growth in informal economy?