



GLU

## GLU Conference, Berlin , 15 – 17 May 2014

Dear Ladies and Gentleman, dear colleagues, dear comrades, dear friends

It is a great pleasure to see you here and to give you a warm welcome to the 9<sup>th</sup> GLU conference. Let me start to thank the Friedrich Ebert Stiftung for hosting us here tonight,; the Hans Böckler Stiftung for generously co-funding this conference the International Center for Development and Decent Work for their great financial and technical support; and all of you for coming to the conference and contributing to hopefully exciting debates; and a big thank you to the colleagues from the Berlin School of Economics and Law and particular to Bea for the amazing work in preparing the conference.

Colleagues,

“Only a crisis - actual or perceived - produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. That, I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes the politically inevitable.”

This are actually not my words but a quote from Milton Freedman’s book *Capitalism and Freedom*, a book published in 1962 when he was a lonely Monetarist in a Keynesian World. Friedman, Hayek and their followers did not miss the crisis of Keynesianism in the 70s, nor the crisis in Latin America in the eighties nor the collapse of the Soviet Bloc in the nineties. They provided the intellectual ammunition for regime change by promising a more efficient and more dynamic economy.

But to quote again Milton Friedman: “One of the great mistakes is to judge policies and programs by their intentions rather than their results.” Hence, we should judge neoliberalism not by its intention of unleashing competitive market forces as the engine for productivity growth, wealth generation and merit-based distribution, but by its results: mass unemployment, environmental degradation, financial bubbles, brutal inequality, unprecedented elite enrichment and a plutocratic deformation of democratic systems. It has failed and it produced a systemic crisis of gigantic proportions. Only cynics, true believers or idiots can belittle this disastrous track record as inevitable side effect of the only path to economic progress.

Despite its failures the free market narrative was not buried by the crisis. Partly because it is a powerful ideology serving the powerful but also because we are not as good as Friedman and Hayek. Their success was based on a remarkable combination of passion, intellectual rigour, determination, vision, strategic networking, communication skills and money.

And it is not true that we are just lacking money.

Until 2007 we could have had the illusion that it was not the lack of ideas but the lack of crisis that stopped the left to turn the tide against the rule of neoliberalism. But when the crisis hit, it turned out that the left had very little to say and, instead of decapitating neoliberalism, the Hydra raised its head in Greece, Spain and Portugal to swallow up the European welfare state.

Beheading this Hydra is indeed a Heraclean task. It requires new ideas, new methods, new techniques, new policies and new alliances to win public support for creative and liberating alternatives. And these alternatives cannot start with words like re-building, re-gaining or even re-vitalizing. The future does not start with re-animation. Times have changed and the new labour movement cannot be the reincarnation of the old one. A movement with a great history, but also with a narrow male and macho tradition. To build a unifying movement in a complex and diverse world with a multifaceted civil society requires a plurality of initiatives identifying themselves autonomously with a common vision. Or in simpler language we need a rainbow coalition for a post-neoliberal globalisation. And this alternative or common agenda needs to be a bit more specific than 'another world is possible' or 'yes we can.'

There is an opportunity for new policies as the crisis and the unfair and unsuccessful crises responses have disillusioned people about the current regime and created strong demands to put an end to skyrocketing inequality. Today, combating inequality has the potential for a unifying vision.

Reducing inequality should not be misrepresented as a policy to make people equal. Actually the purpose is the exact opposite.

People are not equal. They have different views, appearances, abilities, characters, senses of humour and different desires and ambitions. It is economic polarisation that replaces human richness by purchasing power. Money tends to transform the multitude of individual personalities into a hierarchy of bank accounts.

For individual diversity to flourish and for democratic societies to function, economic inequality has to be limited and private capital's controlling power over media, political parties, academic expertise and research must be broken.

Today the country of birth, skin-colour, gender, family fortune and class, as well as talent, beauty and many other factors beyond individual control or merit are major determinants of position and income in society.

Most rich people are not deserving rich. They cannot claim their income is exclusively deserved because they have worked so much harder than others. Progressive taxation is therefore also not about taxing disproportionately the hard

work of the rich but about sharing the accidental windfall gains of inheritance, upbringing and beauty in an equitable way.

Having people believe that massive inequality is the fair outcome of a competitive process that is ultimately good for all is the ideological foundation of the current regime. The crisis has put an end to this fairy tale as free competition in financial markets created financial weapons of mass destruction instead of shared prosperity.

In this crisis not only many banks transformed from real banks to so-called Zombie banks; Neoliberalism changed also into Zombie-Neoliberalism. It's still there but it lost its hegemonic power over the minds of the people. Like a Zombie it is a walking dead. Dangerous, horrific, but intellectually dead. Neoclassical theory said the crisis couldn't happen as financial markets were governed by rational expectations. When the crisis - despite its impossibility – happened, policy makers ignored neoclassical wisdom to avoid an economic meltdown and where they still apply neoclassical recipes, it does not solve but deepens the crisis. Unfortunately too many policies are still guided by this orthodoxy; ordinary people still suffer but many people don't believe in it anymore.

When I met a friend in Tel Aviv some month ago I asked him what has been the result of the mass protest on the Boulevard Rothschild and he, in a slightly resigned manner, responded: We changed the discourse.

I am not as pessimistic as my friend. From Tahir square to Maidan, from Wall Street to the Boulevard Rothschild, from Gezi park to Rio de Janeiro people are on the move. China alone reported 180 000 incidents of mass unrest in a year. As in all protest movements, there are diverse and sometimes worrying demands expressed and success is not at all guaranteed but change is in the air.

Who could have expected that a book of a left-wing French Professor on inequality called "Le Capital" becomes a best seller in the US. Prof. Piketty not only provides the empirical evidence that wealth accumulation has in itself the inevitable tendency of growing inequality with all its disastrous consequences for democracy, equity and opportunity ; he also provides a straight-forward answer: tax the rich: 20 % on wealth and 80 % on high income. Sure, taxing the rich on its own is not the solution, but there is certainly no solution without taxing them.

By the way, this will not even create any substantial welfare losses for the rich. High incomes are largely not about consumption but about status. If one hedge-fund manager makes 50 million a year the other is only satisfied if he makes 60 million. But if, through taxation, the first is only making 5 million, 6 million will give his competitor the same pleasure as 60 million before, because status-wise he has still 20% more. Also the incentive to work hard does not change as the prime motivation stays the same: earning more than the others. Taxing the rich is actually the only tax that benefits everybody and does not do harm to anyone.

The problem of inequality is on the agenda. Now it's about winning the battle for solutions – intellectually and in the streets and workplaces.

That is why we have chosen the topic and the date for this conference. It takes place here in Berlin at the eve of the ITUC congress, that brings together labour leaders and activists from around the world and I would like to thank particular Sharan Burrow, the ITUC General Secretary that she joins us tonight despite all her pre-congress stress.

The motivation for the GLU ten years ago was the idea of building a one-world network of trade unions and universities to contribute to discussions and debates about progressive alternatives. Starting such a common project with people of very different political traditions and convictions was always stimulating. And it requires the constant willingness of everybody to accept that he or she might not have all the answers and that there is something to learn and to gain by everybody.

The GLU is a success because there are not only many different views but also we have the common conviction to serve the labour movement. However serving is very different from being the servant of the labour movement as every servant has a master. And a master-servant relationship is poison for productive and creative thinking. If the starting point of your thinking is the answer, there is no point to start thinking. On the other hand, it is also true that sometimes what academic friends of labour serve is not a real service to labour.

The relationship between those who need information, knowledge and research to win their daily political battles and those who make a living from free thinking is by definition not easy. But I think the GLU is a good example that it can be done. It is the combination of commitment, trust and freedom that has made this a successful and rewarding partnership.

Talking about freedom; it is one of the greatest successes of Friedman and Co. that they occupied the term freedom by claiming that the dictatorship of money is freedom. The rich have an exclusive concept of freedom: they want the freedom to buy themselves all kinds of privileges. In Switzerland, for example, where I am living, the rich of the world have privatised most of the beautiful landscape around the lake Geneva. The access of 99 per cent of the population is limited to tiny public beaches while the rest of the shores of the lake have been transformed into gated communities of the very rich. And this expropriation is called freedom.

Real freedom means, as the most famous German social democratic intellectual, Karl Marx, put it, to change all circumstances where human beings are oppressed. Being at the house of the Friedrich Ebert Stiftung, let me quote Willy Brandt, the former German Chancellor who left his own country to fight Nazi-Germany, who was the Mayor of this City during the Cold War, who implemented far reaching policy

reforms as head of the most radical and most popular social democratic government in German history and who headed the first South-North commission of the UN to push for greater global social justice and equality. “Freedom is not everything, but without freedom everything is nothing. “

Combating inequality is about development as freedom, it is about real democracy it is about opening up the world for everybody and it is about help and solidarity for all in need.

A single conference doesn't make a big difference but let us use the next two days to discuss new ideas, to strengthen networks, to build friendships and contribute to the momentum for change that makes the impossible inevitable.

Frank Hoffer (ILO), Berlin, 15 May 2014