



Credit crisis in 30 slides

The bug in the free market system

Explanation & Solution



Credit crisis in 30 slides

- **Cause credit crisis**
- Other 'silent' crises
- The crisis behind the crises
- The bug in the free market system
- Solution



■ Cause credit crisis

Lack of transparency

The absence of clear and reliable information makes that problems are kept hidden (till its to late)



■ Cause credit crisis

1. Start problems financial market

Lack of transparency caused that

financial products and information

could NOT be checked properly



■ Cause credit crisis

2. No clear signs

Lack of transparency caused that
the **market did NOT regulate itself**
(till it was too late)



■ Cause credit crisis

3. No one knows what's next

Lack of transparency of companies and supervisors caused that the market did NOT trust anyone, which led to **major uncertainty**



■ Cause credit crisis

4. Acceleration financial crisis

Uncertainty in the market

caused by *lack of transparency*

caused the **collapse of the stock market**



■ Cause credit crisis

5. Financial crisis affects the economy

Uncertainty in the market

caused by *lack of transparency*

caused the collapse of the stock market,

which is the main cause of the **recession**



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■ Other 'silent' crises

Crises far away. And around the corner!

- Inhumane labour conditions
 - Environmental pollution
 - Plunder of nature
 - Lack of political action
 - Ineffective supervisors
- } Climate crisis
Biodiversity crisis



■ Other 'silent' crises

Slow sustainable development

If international governments do not act
the climate crises and other ecological crises
will **go beyond repair**



■ Other 'silent' crises

Ineffective supervisors

The financial crisis proofed once again that bureaucratic institutions are **not able** to control fast changing global markets



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■ The crisis behind the crises

Question

Will you buy a product when you have information the manufacture process was unethical and unsustainable?



■ The crisis behind the crises

Answer

Many people will look for alternatives

This is the reason why trade and industry do everything to block negative information!



■ The crisis behind the crises

Result

The best protection for trade and industry
to ignore corporate social responsibility
is ***lack of transparency***



■ The crisis behind the crises

Conclusion 1

Companies are **more cautious**
with 'upset clients' than
with bureaucratic (inter)national supervisors



■ The crisis behind the crises

Conclusion 2

Lack of transparency is the main cause of the many problems and 'silent' crises in the international free market economy



■ The crisis behind the crises

Rat race to the bottom

Lack of corporate social responsibility
will continue as long as transparency
is not integrated in (inter)national law



■ The crisis behind the crises

International status quo

Governments worldwide **block regulation** for transparency because it undermines the market position of nations

No nation acts (vicious circle)



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■ The bug in the free market system

World Trade Organisation (WTO)

*Consumers are the only all defining regulator
of the international free market economy
(by not buying unwanted products)*

Consumers are clients (from citizens to multinationals)
and shareholders (from citizens to international investors)



■ The bug in the free market system

The bug in the policy of the WTO

Consumers continue to buy *unwanted products* and **can NOT regulate** trade and industry

Information about *unethical and unsustainable manufactured products* is not available because of international **lack of transparency**



■ The bug in the free market system

No regulation of trade and industry

The WTO demands *openness and anti-protectionism* of its 153 member nations to stimulate international trade

The WTO demands nothing from the market to stimulate (corporate) social responsibility



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■ Solution

Correcting the bug

Consumers can effectively regulate the market when the WTO policy of *openness and anti-protectionism* is expanded to transparency of social responsibility of **ALL participators** in the international free market economy



■ Solution

Unlocking the international status quo

The WTO overrules the law of its 153 member nations (= 95% world market), which is the most fair and effective solution to unlock the international block of transparency by national governments



■ Solution

Boost of sustainable development

Transparency of corporate social responsibility stimulates international trade and industry to make new steps forward

Unethical and unsustainable operating companies have less value on the international stock markets



■ Solution

Boost of international knowledge economy

Transparency of (corporate) social responsibility will lead to an international process of innovation and new businesses



■ Solution

Pass on the solution

International action is required to make the WTO correct the bug in its policy

Without public and political pressure

the WTO and governments will not act

(trade and industry will lobby hard against transparency)