



*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)