



RESOLUTION ON PRIVATE EQUITY AND HEDGE FUNDS

The ITUC General Council, meeting at its 2rd Session in Brussels on 20-22 June 2007

- NOTES** with concern the massive increase in private equity and hedge fund investments, the negative effects of many such investments on workers and the risks to financial stability and economic sustainability which result from the short-term, debt laden nature of their activities;
- RECOGNISES** the substantial investments in hedge funds and private equity by pension funds, and the potential risk to retirement incomes for millions of people associated with this;
- CONDEMNNS** the management culture of many private equity and hedge funds, which seek to cut all possible costs, often destroying viable enterprises and reducing workers' wages, conditions and entitlements including through negation of collective agreements, refusal to negotiate with unions and harassment of trade union members;
- DEPLORES** the gross inequalities being generated by the activities of private equity and hedge funds, their tax minimisation schemes and the transfer of risk to workers, taxpayers and investors by fund managers who themselves pocket enormous sums at virtually no risk;
- INSISTS THAT** governments and intergovernmental bodies properly regulate private equity and hedge funds, as well as the companies they de-list from public markets. This regulation must cover transparency, financial stability, taxation, corporate governance and workers' rights, as well as the protection of public services and utilities. It must discourage short term buying and selling of companies, uphold reporting requirements, limit the debt and leverage levels undertaken by companies, close tax loopholes and ensure that private equity firms and activist hedge funds meet their obligations as employers;
- URGES** trade unions at all levels to promote regulation of and responsible behaviour by hedge fund and private equity;
- CALLS UPON** the trustees and fiduciaries of pension funds to consider investments in private equity and hedge funds with extreme caution; and if nonetheless considering such investments, to pay due consideration to the real profitability record of such investments, the risks associated with them, the many negative impacts they may generate, and the direct or indirect impact they may have on the workplaces of the beneficiaries of the pension plans of tomorrow; and,
- FURTHER CALLS UPON** private equity firms and hedge funds to accept their social responsibilities and the need for proper regulation, and to negotiate with the trade union organisations representing workers potentially affected by their activities, adopting a positive approach to this as some such funds have done in recent years.