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Trade Unions to G20: Half Measures Will Not Fix Broken Global Economy

Brussels, 23 March 2009 (ITUC OnLine): In a worldwide push for action by G20 governments to pull the global economy out of recession and chart a new course for job creation, financial regulation and global governance, trade unions across the world are today delivering a common set of demands to their national governments. The five-point union plan, which includes detailed policy proposals, sets out the actions needed to tackle the crisis and build a fairer and more sustainable world economy for the future. It calls for:

- a coordinated international recovery and sustainable growth plan to create jobs and ensure public investment;
- nationalisation of insolvent banks and new financial regulations;
- action to combat the risk of wage deflation and reverse decades of increasing inequality;
- far-reaching action on climate change;
- a new international legal framework to regulate the global economy along with reform of the global financial and economic institutions (IMF, World Bank, OECD, WTO).

The "Global Unions G20 London Declaration"

http://www.ituc-csi.org/IMG/pdf/No_16_-_G20_London_Declaration_FINAL.pdf, developed by the ITUC and the Trade Union Advisory Committee (TUAC) at the OECD, sets out the steps which need to be taken by the G20 in cooperation with other governments. It is being presented by national trade union movements to their governments today, and will be formally submitted to the G20 Leaders' Summit in London on 2 April. Trade unions from around the world will be joining their colleagues from the British TUC in a huge civil society mobilisation planned for London on 28 March, to press home the need for coordinated global action by governments.

"If the G20 governments in London are only able to agree on half-measures, they will have failed to meet their responsibilities. As the world's largest economies, they have the responsibility and the possibility to replace the failed neo-liberalism of the past with a whole new direction for globalisation," said ITUC General Secretary Guy Ryder.

Recovery and sustainable growth can be achieved, according to the Declaration, but only if the focus is on job creation and public investment, active labour market policies, extending social safety nets and special measures for developing and emerging economies. The trade unions also put forward an eight-point specific action plan for global financial regulation,

with immediate action to nationalise insolvent banks.

“Weak or non-existent regulation of banking and financial activity turned the world economy into an anything-goes casino, plunging the world into deep recession and causing the loss of tens of millions of jobs. This needs to be fixed urgently. Another main pillar of recovery and reform, creating decent, sustainable jobs and boosting purchasing power, must also be given priority attention at the G20,” said John Evans, General Secretary of the TUAC.

The London Declaration points to the real risk of wage deflation, and highlights the fact that growing income inequality across the world has been a major contributor to the current recession, as workers’ purchasing power has been insufficient to help maintain demand for goods and services. Ensuring that all workers have the right to collective bargaining, and strengthening wage-setting institutions, will establish a decent floor in labour markets and feed economic stimulus through more household buying power. This is closely linked to the broader requirement for reform of the IMF, World Bank, WTO and OECD, with the inclusion of the International Labour Organisation at the centre of an effective and accountable system of global governance.

“Financial regulation is essential, but it is not enough. The new global governance must be based on a strong pillar of social rights, including crucially the ILO’s core labour standards. The real economy, decent work and poverty reduction can no longer be left at the fringe of global policy. The G20 should not limit its horizons by simply making marginal changes to a discredited system. It needs to lead a complete overhaul in the way the world economy is run. Those who think that we can return to business as usual are seriously mistaken,” said Ryder.

The union proposals also focus on the urgent need for impetus to tackle climate change, given the enormous environmental, social and economic costs of inaction. Already, governments should be using coordinated global fiscal response to the economic crisis to set the world on a “green economy” path. Creation of green jobs, and action to ensure “just transition” in communities and sectors affected by the move to environmentally-friendly production, are central to achieving the levels of greenhouse gas reduction needed, and will contribute to pulling the world out of recession.

“Governments have the levers available now to turn the world towards a green growth path. Failure to take this opportunity would be a tragedy for humankind, and for the future of the planet,” said Evans.

The ITUC represents 170 million workers in 312 affiliated national organisations from 157 countries. <http://www.ituc-csi.org>
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