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G20 Finance Ministers Risk Tipping Global Economy Back Into Recession

Brussels, Paris, 7 June 2010 (ITUC OnLine): Global Unions have attacked the outcome of the G20 Finance Ministers and Central Bank Governors meeting in Busan, Korea, on 5 June.

“The G20 Finance Ministers said they were meeting at a ‘critical juncture’ to secure global recovery and address economic challenges and risks” said ITUC General Secretary Guy Ryder. “They have failed on both counts. Their decisions risk undermining recovery, whilst they have failed to move forward the agenda for re-regulating financial markets.”

The message on the economic recovery represents a shift from the Finance Ministers’ April meeting where they cautioned against premature withdrawal of stimulus measures. In Busan, the focus was on the importance of “sustainable public finances” and the need for many countries to “accelerate the pace of consolidation”. “The Finance Ministers’ conclusions do not add up” said TUAC General Secretary John Evans. “Forecasts suggest that the global economy is still on life-support from government stimulus, yet they are now calling for a shift from supporting jobs to cutting deficits that could push the global economy back into recession.”

On financial reform, the Busan meeting failed to decide on what to do next. The Ministers could not even agree on principles for international taxation of banks and other financial institutions as called for by the IMF, much less the adoption of a financial transactions tax (FTT). Nor did they find minimum common ground for strengthening the Basel II Framework regulating bank loans. The communiqué simply re-states past commitments made by the G20, the FSB and its members.

“The Busan meeting constitutes a setback for the G20” said Guy Ryder. “In the meantime, it is working families who again and again are paying, and will continue to pay, for the consequences of greed and irresponsible risk-taking by bankers and financial speculators. The need for further action on jobs and re-regulating finance is the message the global labour movement will take to the G20 Leaders meeting in Toronto at the end of the month.”

The ITUC represents 176 million workers in 155 countries and territories and has 312 national affiliates.

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