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Global Unions call on IFIs to reject austerity programmes and focus on job creation

Brussels, 5 October 2010 (ITUC OnLine): Concerned by the faltering pace of global economic recovery, which has yet to produce a real recovery for millions of workers and unemployed men and women, the ITUC and its Global Unions partners have called upon the 2010 Annual Meetings of the World Bank and the IMF to reject austerity programmes and to support job-focused stimulus measures and investments in quality public services to assist in the global economic recovery.

“The World Bank and the IMF must pay greater attention to the underlying problems that explain stagnant and declining real wages, including widespread violation of workers’ rights,” said ITUC General Secretary Sharan Burrow. “Redressing the declining income of working people and closing the gender pay gap should be major objectives of both institutions. The IFIs must work to build a more balanced and robust global economic recovery, which means that they should encourage and support countries that adopt labour and social protection policies aimed at reducing inequality.”

In Global Unions’ statement released on 5 October, the international trade union movement points out that austerity conditions applied in recent IMF loans have already been felt by working people, including the rapidly declining quality of public services, that will cause long-term harm to countries’ development.

Noting that the IMF’s lending capacity was tripled in 2009 in order to combat the global economic crisis, Burrow stated: “The Fund should use its vastly expanded financial resources to encourage countries affected by the global crisis to deploy counter-cyclical fiscal policies over longer periods of time until they have fully emerged from recession situations. Furthermore, the situation of Greece and other countries underscores the need for an effective sovereign debt restructuring mechanism that can be used by countries with unsustainable debt levels.”

A renewed recession potentially looming on the horizon threatens to further slow progress in attaining the UN Millennium Development Goals, already severely compromised due to negative economic growth in 2008-2009 and failures to meet aid commitments. Moreover, many countries have not moved forward with necessary regulations of risky financial activities – the kind that led to financial collapse in 2008. Global Unions call on the IMF to assist in the design and implementation of a financial transactions tax (FTT) as an effective and just means to generate revenue to repair damage caused by the financial crisis (including unacceptably high rates of joblessness) and to fulfil major international development and climate change finance commitments.

To read Global Unions’ statement for the 2010 annual meetings of the IMF and World Bank:
<http://www.ituc-csi.org/statement-by-global-unions-to-the.html?lang=en>

The ITUC represents 176 million workers in 151 countries and territories and has 301 national affiliates. <http://www.ituc-csi.org> and <http://www.youtube.com/ITUCCSI>

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