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G20 Finance Ministers: World Unions Warn of Complacent Attitude and Ask “Where are the Jobs?”

Brussels, 26 October 2010 (ITUC Online): International trade unions have accused G20 governments of being complacent in their claim this week that “global economic recovery continues to advance”.

“G20 Finance Ministers have to look beyond the comfort zone of Wall St and the City of London, to the reality that millions of people are still losing their jobs and are now being made to suffer further austerity whilst the benefits accrue to the very banks and financiers who caused the global crisis in the first place. The world economy is not out of the woods yet, and the cuts in public expenditure being announced by many of the G20 Finance Ministers have in fact made the risk of a deeper recession more likely. The commitments made by the G20 in London and Pittsburgh to put employment at the centre of decision-making are not being met. The G20 leaders’ meeting in Seoul next month must put jobs back on the G20 agenda,” said ITUC General Secretary Sharan Burrow.

While the conclusions of the Finance Ministers meeting in Gyeongju, South Korea, talk about the need for international cooperation and coordinated responses to the crisis, there is scant evidence of governments working together, except to reinforce their apparent determination to achieve “fiscal consolidation” to appease the financial markets rather than to get growth into the global economy and put people back to work.

The proposal by the US administration to set limits for both trade surpluses and deficits were watered down in the Ministers’ conclusions and now will have to be revisited in Seoul. “ Whatever the mechanism, more balanced global growth that is consistent with falling unemployment has to be achieved by surplus countries expanding domestic demand more rapidly - not just through adjustment by deficit countries” said Burrow.

The Ministers also agreed to “complete financial repair and regulatory reforms without delay” – a statement challenged by the unions on the basis that work has hardly started to fully implement the measures which are required. In addition, their reference to the “importance of partnership between governments and business to promote economic growth beyond the crisis”, gives rise to further concern about the undue influence of business on the global agenda.

“The interests of working people must be at the heart of planning the recovery yet through the B100 group, governments seem to be handing over structural policy to the business lobby, which represents their own interests and not those of the broader population. The G20 should be establishing a broad based task force on jobs that includes all social partners instead of developing a cosy relationship with business elites that gives them a fast track to press for more of the labour market deregulation that led to the rising inequality before the crisis,” said John Evans, General Secretary of the OECD Trade Union Advisory Committee.

The commitment to increase developing country influence on decision-making at the International Monetary Fund is welcomed by the unions, however the target date of January 2014 for this to be completed means that the current industrial-country bias at the IMF will remain in place for at least three years more. The Ministers’ reference to the IMF promoting “structural reform” is of great concern, given that this has always been understood to include further weakening of labour laws, such as the sweeping deregulation currently being pushed by the IMF on Romania.

The Ministers’ undertaking to promote inclusive and sustainable economic growth and resilience in developing countries could be welcome if it means growth that is based on decent work and that

benefits working people, however this has not been accompanied by pledges to increase development aid. Similarly, while the meeting agreed to a Global Agriculture and Food Security Programme, nothing has been done to stop financial speculation in food commodities, one of the major causes of the recent global food crisis.

On a more positive note, the commitment to rationalise and phase out inefficient fossil fuel subsidies and promote energy market transparency and stability shows at least that climate change is still on the G20 agenda.

A top-level international delegation of trade union leaders will press their concerns on these and other key issues in meetings with G20 leaders at their Summit in Seoul next month.

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