

INTERNATIONAL TRADE UNION CONFEDERATION

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IMF 's Strauss-Kahn backs ITUC analysis on global threat of unemployment and inequality

Brussels, 14 April 2011 (ITUC OnLine): As the World Bank, the International Monetary Fund (IMF) and G20 finance ministers meet this weekend to discuss the state of the global economy and priorities for development cooperation, the international trade union movement is calling on the international financial institutions (IFIs) to change course in their policy directions and to pay as much attention to employment deficits as they do to fiscal deficits by taking coordinated action to support job creation as well as education and skills training.

Parallel to these meetings, ITUC General Secretary Sharan Burrow took part in a debate in Washington with IMF Managing Director Dominique Strauss-Kahn on Wednesday to voice trade union views about the IFIs' responsibility to adopt economic recovery programmes consistent with a more equitable and sustainable growth and development model.

Emphasizing the failure of G20 countries to reduce the number of unemployed, which is currently at the highest level ever recorded, Burrow said: "The G20 in 2011 must mark the defining moment that things start to change, or otherwise the world will see just another failure in global governance." She challenged the G20 and all IMF member countries to incorporate employment targets into national economic programmes and to work in establishing a global social protection floor, for which she invited the IMF and the ILO to jointly develop sustainable financing mechanisms.

Burrow further urged the IMF to recognize "the growing political momentum in favour of financial transactions taxes" and to support the FTT so that the financial sector makes a contribution to public revenue "to match the costs it imposes each time it triggers a crisis in the real, productive economy."

[Web link for Burrow's speech: <http://www.ituc-csi.org/address-by-sharan-burrow-to-the.html>]

At the debate, Strauss-Kahn noted the record levels of unemployment and inequality and stated: "Just as we managed to tame inflation in the 1980s, this decade should be the one that takes full employment seriously once again." To combat growing inequality, Strauss-Kahn emphasized the importance of "strong social safety nets combined with progressive taxation, ... investment in health and education, and collective bargaining rights ... especially in an environment of stagnating real wages." He spoke of the joint work that the IMF has undertaken with the ILO in the past year and said that "employment and equity are the building blocks of stability and prosperity," which go "to the heart of the IMF's mandate."

[Web link for Strauss-Kahn's speech:

<http://www.imf.org/external/np/speeches/2011/041311.htm>]

A statement from Global Unions to the IMF/WB spring meetings [web link] as well as the G-20 Finance Ministers' meeting puts forward specific trade union recommendations on how the IFIs can begin to adopt a new approach for achieving more equitable and sustainable growth. In such a model, workers, pensioners and the unemployed – the principal victims of the global economic and financial crisis – should not disproportionately bear the burden of national “fiscal consolidation” plans. Such plans should only be applied when national recovery is well under way and they should not focus overwhelmingly on expenditure reductions, as has been the case in many countries, but comprise tax measures that have least impact on employment levels and help reduce inequality. They should include new sources of revenue, notably financial transactions taxes, which for the first time would ensure substantial contributions from the financial sector for resolving the economic and fiscal crisis that it caused. Oxfam's release on Wednesday of signatures from one thousand economists around the world is a sign of the global momentum in favour of the adoption of such a tax for financing employment creation, development goals and climate finance commitments.

More robust social protection systems should be developed to mitigate the impacts of the continuing employment deficit, and the World Bank and the IMF should collaborate with the International Labour Organization's initiative, endorsed by the entire UN system, to establish a global social protection floor. To achieve equitable and sustainable growth, both IFIs must act responsibly to protect quality public services vital to societies' development, such as education and health care. Furthermore, the IFIs must ensure that their operations comply with core labour standards and contribute to efforts to achieve climate resilience and the reduction of greenhouse gas emissions.

The ITUC represents 175 million workers in 151 countries and territories and has 305 national affiliates. Website: <http://www.ituc-csi.org> and <http://www.youtube.com/ITUCCSI>

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