ENGLISH

TRADE UNIONS STATEMENT TO THE PITTSBURGH G20 SUMMIT

GLOBAL UNIONS PITTSBURGH DECLARATION

24-25 SEPTEMBER 2009

EXECUTIVE SUMMARY

1 The G20 leaders are meeting in Pittsburgh amidst reports that the global recession is bottoming out, with the massive decline in output in most major economies slowing, and that governments are preparing their strategies for exiting from the fiscal stimulus measures. This would be dangerously premature. The outlook for recovery, which is still uncertain, is at best modest and the slowing of the decline is due almost exclusively to government stimulus measures. As yet, there is no sign of a self-sustaining economic recovery.

2 Moreover, as regards unemployment, the worst is still to come. Experience of past crises clearly indicates that unemployment is a lagging indicator with the latest forecasts confirming high unemployment extending well into 2011. The International Labour Organisation (ILO) estimates that unemployment is likely to increase by up to 59 million worldwide by the end of the year. Unemployment in the OECD countries is likely to almost double over the next eighteen months and to continue rising with rates of double figures remaining well into 2011. Over 200 million workers could be pushed into extreme poverty, mostly in developing and emerging countries where there are few or no social safety nets, with the result that the number of working poor may rise to 1.4 billion globally.

3 Unemployment now represents the largest single threat to recovery. It is imperative that G20 countries continue and extend their fiscal stimulus measures until there is real recovery. At the same time, G20 governments must take immediate action to finance the growing public debt through progressive fiscal reform, rather than the implementation of austerity

plans. This would place the burden on those companies and executives who created the crisis in the first place, rather than on workers – the innocent victims. Measures should include the design of a global tax on financial short-term transactions.

4 Finally, G20 leaders must ensure that there is no return to 'business as usual'. While this crisis was precipitated by the collapse of the housing bubble in the U.S. and propagated by reckless financial speculation, the underlying causes lie in fundamental economic and governance imbalances that are the direct result of three decades of neo-liberal economic policies, with the effect that the fruits of growth have not been distributed to workers. Now is the time to learn the lessons of this crisis and build a more sustainable and just future.

5 The Pittsburgh G20 Summit must, first and foremost, be a 'Jobs Summit' to tackle the deepening global jobs crisis. The global trade unions are calling on leaders to introduce a coordinated and jobs-orientated international recovery and meet the following policy challenges:

- **Jobs – the First Priority:** The G20 members must take immediate action to implement their London commitments to taking further fiscal stimulus action, ensuring that greater focus is placed on maintaining and creating jobs, providing adequate social protection and investing in the green economy. They should convene a G20 Labour Ministers' meeting to address the employment impact, which should involve the social partners. G20 leaders must establish a Working Group on Employment and endorse and implement nationally the Global Jobs Pact negotiated by the ILO. They must take urgent steps to address the growing crisis in youth unemployment; (§8-18)
- **Rebuilding Momentum to Reform the Financial System:** The G20 must use their position as major investors in the banks to fully implement the commitments made at the London Summit to re-regulate the financial system. They must take urgent action to resolve the problem of insolvent banks in the U.S. and Europe, cap executive pay and crack down on indefensible bonuses. G20 governments should also implement tax reforms, moving beyond tax havens, including progressive tax reform, stopping regulatory arbitrage and creating a global tax on financial transactions, which should be used to finance the public debt incurred in fighting the crisis; (§19-24)
- **Tackling the Impact of the Crisis on Development:** Support is needed for expansionary recovery programmes in developing countries in line with the commitments made at the G20 London Summit. The International Financial Institutions (IFIs) must end their misguided structural adjustment conditionality and allow developing countries the policy space to pursue effective stimulus programmes. The G20 countries should engage in reform at an international level so as to reduce developing country vulnerability to instability and crisis, in cooperation with the Ad Hoc Open-ended Working Group of the UN General Assembly on the World Economic and Financial Crisis and its Impact on Development; (§25-29)
- **Climate Change:** G20 leaders must pave the way for an ambitious agreement at the Conference of the States Parties (COP) in Copen-

hagen in 2009. They must commit to emission reductions, promote Green Jobs, support the costs of adaptation in developing countries and endorse the concept of 'just transition' so as to protect workers in the shift towards a 'green economy' in the negotiating text of the United Nations Framework Convention on Climate Change (UNFCCC). (§30-34)

6 Leaders meeting at the Pittsburgh G20 Summit must also muster the political will to break with the policies of the past so as to ensure that there is no return to 'business as usual' and:

- **Build a new model for a balanced economy:** Policy must support a new model of economic development that is economically efficient, socially just and environmentally sustainable. This model must rebalance the relationship between public intervention and market forces in the global economy; the financial and the real economy; labour and capital; trade surplus and deficit countries; and industrialised and developing countries. Above all, it must bring to an end the policies that have generated massive inequality between and within nations over the past two decades and that are the root causes of the current global crisis. A fairer redistribution of wealth is the only sustainable route out of this crisis – and the only way to restore the trust of working people in the economic and financial systems; (§35-38)
- **Improve global governance**: G20 governments must finalise the development of the Charter for Sustainable Economic Activity and the Global Standard on Propriety, Integrity and Transparency. The Charter must incorporate the Decent Work agenda of the ILO: rights at work, employment and income opportunities, social protection and social security and social dialogue and tripartism. At the global level, the IFIs should engage in dialogue with trade unions through a formal trade union advisory structure. (§39-41)

7 Trade unions and the workers we represent, however, have no confidence that this time governments and bankers will get it right. It is essential that the voices of working people in developed, emerging and developing countries are heard in the G20's discussions. The Global Unions organisations are ready to play their part in building this stronger, fairer and more sustainable future for the global economy. They must be given a seat at the table.

THE PRIORITY: JOBS

8 Despite the talk of "green shoots" of recovery and the rebound in stock markets over recent months, the outlook for 2009 remains bleak with OECD forecasts[1] indicating that GDP will fall by 3.7 percent in 2009 across the G7 economies. In 2010, most G20 countries are expected to experience stagnation in GDP, or at best hesitant recovery. Despite better news from some emerging economies, many developing countries – a number of which had already experienced jobless growth for a number of years – remain in a desperate plight, as growth has stalled and GDP per capita is falling. The IMF identified 26 low-income developing coun-

1 OECD Interim Economic Assessment, 3 September, 2009.

tries in Africa, Asia, the Americas and Eastern Europe as being "highly vulnerable" to the adverse effects of the global recession in 2009[2].

9 The collapse in world trade is driving the global recession, with countries dependent on export markets experiencing the largest falls in GDP. This is essentially due to the decline in global demand, rather than the introduction of trade restrictions. Any attempt to reduce wages to maintain competitiveness runs the risk of further reducing global demand and contributing to general deflation and must be resisted. The correct response is effective coordinated international action aimed at expanding demand – not 'beggar thy neighbour policies'.

10 Labour markets are at the vortex of the crisis. Unemployment has continued to surge and rates are projected to rise to double figures for the OECD as a whole by the end of the year and to remain at this level during 2010 and 2011. Youth, in particular, are being hit with youth unemployment rates of over 20 percent in many G20 countries. It is likely that those young people who left schools and colleges this summer risks will be condemned to economic inactivity.

11 Lessons from past financial crises show that labour markets lag behind economic recovery. They also show that significant increases in, particularly long-term, unemployment are extremely difficult to reverse. These point to the risk of prolonged labour market recession. The ILO estimates that unemployment could increase by up to 59 million worldwide by the end of 2009[3]. Over 200 million workers could be pushed into extreme poverty, mostly in developing and emerging countries where there are no social safety nets, meaning that the number of working poor, earning below 2 USD per day for each family member, may rise to 1.4 billion. This will disproportionately affect women, who constitute 60 percent of the world's poor.

12 Given the spectre of a persistent jobs crisis there is an urgent need for a far more coherent and internationally co-ordinated jobs-orientated recovery strategy than that which has been put on the table so far. The global trade union movement is gravely concerned that fiscal stimulus packages to date are inadequate in size, imbalanced geographically, insufficiently focused on labour issues and are being implemented too slowly[4]. According to OECD and ILO reviews of responses to the crisis in over 40 countries, the fiscal stimulus measures still do not sufficiently focus on employment and social protection. Moreover, they have failed to tackle the lack of social protection and the dramatic decline in individual wealth held in pensions. The effects of the crisis are being felt most by those whose pensions fall under un-protected 'defined contribution' schemes that provide no pension security at the age of retirement[5].

13 Furthermore, the quality of jobs created matters. The expansion of precarious forms of work and deregulation of the labour market are not the answer to the employment crisis – the insecurity of working people over

2 IMF, The Implications of the Global Financial Crisis for Low-Income Countries, 2009.

3 ILO, Global Employment Trends Update, May 2009.

4 ILO-IILS (ed.), The Financial and Economic Crisis: A Decent Work Response, Geneva 2009, p. 8.

5 OECD, Private Pensions Outlook 2008.

recent decades was a significant contributor to today's recession. A major challenge faced by both industrialized and developing countries is how to build labour market security in a globalised economy. Labour market flexibility must not be achieved through the severing of the standard employment relationship, the erosion of workers' fundamental rights and a significant reduction in workers' welfare.

14 It is imperative that G20 countries do not exit from their fiscal stimulus measures prematurely. For some countries, there may be a need to undertake an extra annual stimulus of at least 1% of GDP, which should be sustained until there are clear signs of recovery. Recovery packages must be targeted so as to have the biggest impact on growth and employment and to invest in the green economy. Governments should bring forward infrastructure investment programmes that stimulate demand growth in the short-term and raise productivity growth throughout the real economy in the medium-term. Investment in social infrastructure (hospital, creches, schools, child care facilities) is also needed. This would respond to an acute societal need and create employment. Measures should be introduced to support the purchasing power of low income earners in particular, including single earner households, which are predominantly female-headed. Gender discrimination needs particular attention given that women, already over-represented in low-paid jobs, are experiencing significant downward pressure on wages. Political commitment and effective public policies to address the underlying causes of gender inequality are essential in order to remedy existing patterns of discrimination and exploitation, requiring strong support of the social partners. In many OECD member countries, fifty percent or more of the unemployed do not receive unemployment benefits (though non-recipients may be entitled to social assistance benefits), whereas in many developing countries the majority of those losing their jobs are not eligible for any kind of assistance. Putting more money into the pockets and purses of people on low incomes will boost the economy.

15 A key priority must be to keep people at work, workforces together and workers in activity. Active labour market initiatives have a crucial role to play. Programmes must be implemented to reduce the risk of unemployment and wage losses, as well as to provide income support for those in short-time work.

16 The G20 London Summit in April endorsed the conclusions of the G8 Social Summit calling for macroeconomic policies to be "flanked by social and employment policies that avert unemployment and the risk of social exclusion and make for rapid re-entry into the job market". They highlighted the need for strong social dialogue pointing to the value of greater worker participation in the economic restructuring process.

17 We call on G20 Leaders to:

- Establish a Working Group on Employment and endorse and implement nationally the Global Jobs Pact negotiated by the ILO;
- Convene, for the first time, a G20 Labour Ministers' meeting, to address the employment impacts of the crisis. This should include the formal participation of the social partners;

- Ensure that recovery measures maximise job creation and include active labour market policies;
- Provide adequate social security and labour protection so as to protect the most vulnerable and aid recovery;
- Invest in human development through education and training;
- Address the employment and social impacts of the global crisis, engage in meaningful social dialogue with the social partners and take steps to protect rights at this time of increasing vulnerability.

18 In addition G20 Leaders should:

- Take immediate steps to ensure that the recovery measures are adequate for maintaining and protecting jobs and provide social protection;
- Develop 'green economy' investments that can shift the world economy on to a low-carbon growth path and create good jobs by launching the 'Green New Deal' called for by the United Nations Environment Programme (UNEP);
- Combat the risk of wage deflation and reverse the growth of income inequality by extending the coverage of collective bargaining and strengthening wage setting institutions;
- Discourage companies from making workers redundant by helping businesses affected by temporary slumps in sales through, for example, support for short-time working schemes, which reduce the number of hours, rather than the number of workers;
- Adjust social safety net and active labour market policies to better protect and support young workers including; broadening the eligibility criteria for unemployment benefits, social assistance and access to training; and supporting apprentices who, having lost their jobs, are unable to complete their training. G20 governments should provide 'Employment Guarantee Schemes' for young workers who have been unemployed for more than six months;
- Provide income support, in particular through expanded unemployment benefit programmes. Options include: increasing benefit levels; extending benefit duration; expanded coverage; and the introduction of temporary and short-term income compensation for workers not eligible for unemployment benefit. The design of unemployment benefit programmes should exclude the possibility of employers influencing whether or when such payments are made;
- Ensure full respect of national and international standards on workers' rights regarding termination of employment;
- Address the problem of precarious work, which is affecting increasing numbers of workers and particularly women. Priority must be given to creating decent and skilled jobs, enhancing functional flexibility through adequate training schemes and giving workers a voice in managing change;
- Take steps to eliminate the gender pay gap;
- Assure migrant workers the full respect of the same rights as other citizens;
- Address the pension fund crisis by ensuring that employers take their fair share of the pension risk, strengthening existing guarantee schemes and reforming pension fund investment regulation.

REBUILDING MOMENTUM TO REFORM THE FINANCIAL SYSTEM

19 The financial crisis provides clear evidence of the failure of the light regulatory approach of the past and the over-reliance on self-regulation. It is also testimony to the unsustainability of a narrow focus on short-term gains.

20 G20 leaders must press ahead with the re-regulation of the banks and the financial markets. The financial sector has become too large and too unstable. G20 governments need to take steps to ensure that is restored to its legitimate and subservient role of providing credit for the real economy. Governments must use their position as primary investors in the banks to push forward a programme of strong reform. Whilst the commitments made at the London Summit represent some progress, implementation is slow on a number of key issues including regulation of private pools of capital, derivatives and securitised products. The Financial Stability Board (FSB), which was assigned the task of coordinating the G20 process of financial reform process, remains veiled in secrecy.

21 Moreover, the scandal of bankers and traders' multi-billion bonuses that erupted across OECD countries during the summer 2009 illustrates the need for urgent action that goes well beyond the commitments made in London (see *BOX 1*). This indefensible remuneration has fuelled anger among working families, coinciding as it does with the expansion of precarious forms of work in many countries. The bonus scandals are testimony to the failure of an approach to corporate governance that is centred on shareholder value.

BOX 1: WALL STREET BONUSES 2008: WHAT THEY COULD PAY FOR

According to the Attorney General of the State of New York, Andrew Cuomo[6], the nine largest US banks which collectively received USD 175Bn in government support as part of the Troubled Asset Relief Program (TARP) granted USD 32.6bn in bonuses to their employees in 2008. This sum would have paid for:

- Financing the gap to achieve universal primary education, adult literacy and childhood care and education in the 68 low-income countries for three years[7];
- More than doubling the US 2008 level of ODA, bringing it in line with OECD average; i.e., 0.41% of Gross National Income, compared with 0.18% currently[8];
- Cancelling the remaining debt of all Heavily Indebted Poor Countries (HIPC)[9].

22 A key lesson arising from the crisis, and from the resulting bank bailout, is the need for effective, transparent and publicly accountable supervisory authorities with strong regulatory and enforcement powers over banks

6 <http://www.oag.state.ny.us/media_center/2009/july/july30a_09.html>.

7 <http://www.unesco.org/education/gmr2009/press/efagmr2009_Highlights.pdf>.

8 <http://www.oecd.org/dataoecd/48/34/42459170.pdf>.

9 <http://siteresources.worldbank.org/INTDEBTDEPT/Resources/468980-1240603491481/Debt_PocketBroch_Spring09.pdf>.

and other financial institutions. So far governments have tackled the problem of bank insolvency largely by transferring toxic assets to government entities, rather than by taking an equity stake. However, banks are still not lending money as they should and credit markets are still not functioning adequately. Governments should demand full transparency and loss recognition by the assisted banks, rather than relying on their 'willingness' to open their books.

23 Governments must take steps to protect and expand their tax bases so as to pay for the crisis in a fair manner. This requires a break with recent policies whereby direct taxation rates have been cut whilst indirect taxation – inherently more regressive – has increased. In addition, tax systems, including capital gains, should be reformed so as to strengthen financial stability and accountability. The G20 decision to tackle tax evasion and avoidance by increasing international cooperation on tax havens is a welcome step forward. However, there is a need to go much further. Taxation biases that favour debt together with regulatory arbitrage have combined to fuel the shadow financial system (structured products, hedge funds, off-balance sheet transactions) and to artificially subsidise investments, such as private equity, which otherwise simply would not have been sustainable. Introducing international taxation for short-term financial transactions would curb excessive risk-taking and speculation by traders across all jurisdictions – thus ensuring a level playing field. It would also provide vital new funds for financing the public debt incurred as a result of the crisis and, where feasible, an increase in official development assistance. Just as the tax payers bailed out the banks, so it is time for the banks to pay their share in paying off the public debt.

24 We call on G20 Leaders to:

- Commit to full and effective implementation of all measures agreed at the G20 Summit in London;
- Broaden the scope of the G20 Action Plan in line with the Global Unions' eight-point plan for re-regulating financial markets;
- Provide for full public accountability and transparency in the design and implementation of the bailout of the banking sector;
- Take global measures on remuneration under a binding agreement that covers G20 countries, as well as Offshore Financial Centres (OFCs) and empower regulators to intervene, including by imposing higher capital requirements in the case of non- compliance. Swiftly implement bonus 'claw-back' schemes so as to tackle reckless risk-taking. Remuneration should be aligned with long-term economic, social and environmental performance and capped in proportion to the median pay of the bank or company (e.g., by a ration of 1:20) and the overall revenue of the firm. Prohibit the cashing-in of bonuses and other performance-related schemes within five years;
- Take the necessary measures to protect and increase tax revenues, including broadening the tax base and undertaking progressive taxation reform that strengthens rather than weakens household solvent demand and meets social objectives;
- Tackle tax arbitrage and tax biases that favour debt and fuel growth of the shadow financial system and improve cooperation on tax havens by supporting automatic systems of information exchange;

- Support the creation of a global tax on short-term financial transactions;
- Improve the legitimacy and accountability of the FSB opening it up to dialogue with those stakeholders who can bring a 'bottom up' approach to financial reform: workers, including workers in the financial sector, and trade unions. Unions should be invited as observers to the FSB Plenary. There should also be regular information provision and consultations between unions and the FSB and regular information provision and consultations with Global Unions on the occasion of meetings with the Bank of International Settlements (BIS). These should be in line with the arrangements for FSB engagement with private banks and hedge funds.

BOX 2: GLOBAL UNIONS' EIGHT-POINT PLAN FOR RE-REGULATING FINANCIAL MARKETS

1. Clamp down on the 'shadow' financial economy (e.g., private pools of capital and structured products);
2. End tax and regulatory havens and create new international taxation mechanisms;
3. Ensure fair and sustainable access to international finance for developing countries;
4. Reform the private banking business model to prevent asset bubbles and reduce leverage risks;
5. Control executive, shareholder and other financial intermediary remuneration;
6. Protect working families against predatory lending;
7. Consolidate and enhance the public accountability, mandate and resources of supervisory authorities;
8. Restructure and diversify the banking sector with the promotion of social finance and where needed nationalisation of insolvent banks.

TACKLING THE IMPACT OF THE CRISIS ON DEVELOPING COUNTRIES

25 The crisis that started in the developed countries has now spread to the developing world. Contractions in trade volumes, falling export prices, reduced net private capital flows and Foreign Direct Investment (FDI) and declining remittances are combining to exacerbate the poverty impacts of the food and the energy crisis. The job losses of migrant workers, who are the most vulnerable, will reinforce these deflationary effects through declining remittances.

26 The crisis has severely undermined progress made in attaining the Millennium Development Goals (MDGs), as well as nationally agreed development objectives, especially in low income countries. The most affected are the rural and urban poor, landless farmers, female-headed households, women workers and those recently made unemployed.

27 The International Financial Institutions (IFIs) continue to impose economic policy conditionality that forces developing countries into operating pro-cyclical fiscal policies – this is despite commitments made at the G20 London Summit in April to ensure that IFI financing would be 'counter-cyclical' and statements of the IMF leadership on the need

for coordinated global stimulus through public sector investment. Developing countries must be given both the resources and the policy space to grow and thereby contribute to a growth in global demand.

28 There is a need for immediate, ambitious and coordinated action if we are to avoid a devastating increase in poverty in the developing world. The G20 countries must not use the crisis as an excuse for continuing to postpone meeting their commitments. We call on G20 Leaders to undertake the following:

- Honour commitments that were reaffirmed at the G20 London Summit on the MDGs and Official Development Assistance (ODA), particularly for sub-Saharan Africa. Increase ODA to meet targets of spending 0.7 percent of Gross National Income (GNI). Put in place an accountability framework to track G20 development commitments, including progress towards the MDGs. Ensure that there is no re-tying or tying of aid;
- Push forward with the commitments made at the G8 L'Aquila Summit to reform the IMF and to increase representation of developing countries. Take urgent action to reform the conditionality framework of the International Financial Institutions (IFIs) so as to support expansionary recovery programmes in developing countries in line with G20 commitments made at the London Summit;
- Take steps to avoid a new debt crisis. Donors and multilateral financial institutions should prioritise the provision of grants and concessionary loans in their financial support so as to ensure the sustainability of developing countries' debt. Ensure that the IFIs expand their debt relief initiatives;
- Place decent work at the heart of development assistance and support measures to tackle indecent, informal and unprotected work, focusing in particular on women, by extending labour law and social protection to all workers while reversing the trend in increasing precariousness of employment within the formal economy. Establish a Global Fund for Decent Employment (GFDE). Support partner countries' ratification and enforcement of core ILO Conventions;
- Invest in a 'Global New Deal' for publicly owned public services that rebuilds economies on the solid foundations of primary and secondary education, vocational education and training and higher education and research, as well as strong public health and water and sanitation systems. Support protection and immunisation programmes for public health workers in developing countries and tackle the global shortage of health workers;
- Strengthen the role of the UN development system in responding to the economic crisis and its impact on development;
- Take steps to prohibit speculation on basic commodities, which has a direct impact on access to food to millions of people in the developing world;
- Ensure that the 7th World Trade Organisation (WTO) Ministerial Conference (Geneva, 30 November-2 December 2009) results in agreement that the Doha Development Agenda should become a genuine development round that supports the creation of decent employment

in both industrialised and developing countries. Take steps to deliver structural change that is not a zero-sum game by making it possible to manage change in firms, industries, regions and labour markets in socially equitable ways.

29 We call on G8 members of the G20 to:

- Meet commitments made in the L'Aquila Joint Statement on Global Food Security and move ahead with investments in the "*expansion of employment and decent work opportunities, knowledge and training*". Improving access to food means tackling the prevailing model of agribusiness that has severely undermined rural livelihoods and communities in many countries.

CLIMATE CHANGE: A 'JUST TRANSITION' FOR AN AMBITIOUS AND FAIR CLIMATE CHANGE DEAL IN COPENHAGEN

30 G20 Leaders must ensure that the urgent measures needed to tackle climate change are not delayed or derailed by this crisis. Rather, governments must use the coordinated global fiscal response to the crisis to move ahead with the 'green economy agenda', thus preparing the ground for an ambitious climate agreement in Copenhagen, in December.

31 These are essential steps if we are to prevent the world's average temperature rising more than 2 degrees and to avert widespread climate disaster: at best, the loss of 5 per cent global output "now and forever" according to the Stern report, or, at worst, the collapse of societies as predicted by current models of long-term environmental and economic interactions. It is essential that the G20 meeting sends a strong message on the need to reach an agreement in Copenhagen. Such an agreement must include ambitious targets with binding commitments for Greenhouse Gas (GHG) emission reduction in developed countries, as well as effective action for achieving GHG emission reduction or controlled increases to bring about low carbon development in developing countries.

32 Governments must be aware that reaching such an agreement on climate change depends on building a broad and sustainable political consensus on goals, as well as the means of achieving them. They must recognise the social and economic impacts of the agreement and have a clear strategy in place for addressing them. This strategy should be built around the concept of "just transition". "Just transition" requires governments to take steps to smooth the shift towards a more sustainable society by building the capacity of the "green economy" to sustain jobs and livelihoods for all. Just transition requires *inter alia*, major investments to develop long-term sustainable industrial policies, aimed at retaining and creating decent and "green"/sustainable jobs, "greening" all workplaces and developing and deploying technology; consulting with unions and employers; supporting training provision for workers; and the implementation of social protection and economic diversification policies.

33 There is an urgent need for developed countries to support adaptation in developing countries and to provide funding and technical support for developing, renewing and deploying new low carbon technologies. This includes the provision of capacity-building and re-training for workers.

34 We therefore call on the G20 to show leadership and:

- Undertake large-scale and labour-intensive investments in green infrastructure, such as energy efficiency, buildings, renewable energies and public transport;
- Develop training and skills' development programmes for workers to accede to good quality "green jobs". These must target in particular vulnerable communities, such as those affected by the current economic crisis;
- Commit to ambitious short and medium term green house gas (GHG) emission reduction objectives, based on respective responsibilities and capacities and mobilize the necessary funding for enabling a successful agreement in Copenhagen;
- Promote at the international and national level a "just transition" to a low carbon and socially-fair economy and support the position presented in the UNFCCC negotiating text for COP15 in Copenhagen;
- Recognize the role of trade unions in building consensus and creating the right conditions for the major transition that has to take place;
- Commit to providing Euro 200 billion of public funds that are required to support adaptation by developing countries for the period 2013-2017 and take steps to encourage additional private sector investment.

BEYOND THE CRISIS - A NEW MODEL FOR A BALANCED ECONOMY

35 G20 leaders at the London Summit declared:

> *We start from the belief that prosperity is indivisible; that growth, to be sustained, has to be shared; and that our global plan for recovery must have at its heart the needs and jobs of hard-working families, not just in developed countries but in emerging markets and the poorest countries of the world too; and must reflect the interests, not just of today's population, but of future generations too. We believe that the only sure foundation for sustainable globalisation and rising prosperity for all is an open world economy based on market principles, effective regulation, and strong global institutions. We have today therefore pledged to do whatever is necessary to: … … build an inclusive, green, and sustainable recovery* [10].

36 The G20 leaders must not turn away from this declaration. The crisis has turned the spotlight on the failures of the policies of market fundamentalism of the preceding decades. The widespread increase in inequality over the past two decades documented by the OECD[11] was not only socially unjust – it was at the core of the macroeconomic imbalances that sparked the crisis. Deregulated financial markets and financial innovation did not lead to more efficient economies – they simply increased the risks. Now is the time to work towards a new model of economic development that is sustainable, balanced and fair. This is our generation's opportunity

10 G20 Global Plan for Recovery and Reform, London 2 April 2009.

11 OECD, Growing Unequal, 2008.

to create an economic development model that puts people, the environment and the public interest first.

37 The 'exit strategies' currently under consideration by some G20 governments, together with the IMF and the OECD[12], establish as post-2010 priorities: privatising stakes in financial institutions; calibrating the withdrawal of monetary stimulus and the removal of public deficits, primarily through public expenditure reductions; and shifts to consumption and property taxation[13]. This response to the risk of falling growth rates simply re-prescribes the structural policy measures of the past decades – reduced employment protection, increased wage flexibility, less 'generous' unemployment benefits and deregulation. This is despite the acknowledgement by both organisations that "*the links between structural policies and growth are complex and generally not well known*". The perception that citizens and taxpayers are twice being asked meet the costs of the crisis – first in the initial financing of the bailouts and stimulus packages and then by bearing the cost of reduced collective rights to welfare and social security – are likely to prove to be politically unacceptable.

38 The new model must be based on balanced wage-led growth rather than financialisation and excessive profits. Policies must be designed to rebalance the economy: the financial and the real economy; the rights of labour and capital; the trade surplus and deficit countries; and industrialised and developing countries. Now is the time to push ahead with the adoption of broader indicators 'beyond GDP' that measure economic and societal progress. Governments must push forward with progressive fiscal reform in order to spread the costs of the crisis fairly and to provide a sustainable solution to the growing public finance deficits. This would place the burden on the companies and executives who created the crisis in the first place, rather than on the workers, who would be the first to suffer under austerity plans in a context where unemployment rates may rise to 20% in some OECD countries.

39 More balanced growth must also involve the reform of the international economic institutions. Governments should take forward the outcomes of the 'UN Conference at the Highest Level on the World Financial and Economic Crisis and its Impact on Development'. Trade unions need to play a full part in the new governance and advisory structures to international organisations, using their institutional links to the OECD as a model. The ILO also needs to be assigned a central role.

40 The G20 must propose an expedited timeframe for the IMF and World Bank to undertake a long overdue revision of their governing structures. Both the IMF and World Bank must engage in governance reform that substantially increases the representation of developing countries in the institutions' decision-making structures and that increases accountability for IFI programmes. Global Unions support the proposal that developing countries achieve at least parity representation to industrialized countries at both the World Bank and IMF. The IFIs should improve their accountability by requiring that loans and conditions

12 IMF and OECD, Global Economy After the Crisis: Policies and Prospects over the Medium Term, May 2009.

13 OECD, Going for Growth, 2009.

attached to them are made public before their adoption, encouraging governments to submit loan agreements for parliamentary approval. They should also broaden negotiations on proposed loans beyond the finance or economic ministry and central bank officials with which the IFIs traditionally engage, to include consultations with trade unions and other stakeholders. On the global level, the IFIs' dialogue with trade unions and other stakeholders should be given a higher profile, including through a formal trade union advisory structure.

41 The G20 must strengthen the social and environmental dimension of economic development by ensuring that the Charter for Sustainable Economic Activity and the Global Standard on Propriety, Integrity and Transparency are developed as effective instruments enforced through a rigorous, participatory and transparent enforcement mechanism. The Charter must incorporate the Decent Work agenda of the ILO into the Charter for Sustainable Economic Activity – rights at work, employment and income opportunities, social protection and social security and social dialogue and tripartitism. The Global Standard on Propriety, Integrity and Transparency, within the Charter, must include the OECD Guidelines for Multinational Enterprises.

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