



**ITUC INTERNATIONAL TRADE UNION CONFEDERATION CSI CONFÉDÉRATION SYNDICALE INTERNATIONALE
CSI CONFEDERACIÓN SINDICAL INTERNACIONAL IGB INTERNATIONALER GEWERKSCHAFTSBUND**

Bd. du Roi Albert II, 5, Bte 1, B – 1210 Bruxelles Belgique
Tel. +32 (0) 2224 0211 Fax +32 (0) 2201 5815 E-mail info@ituc-csi.org <http://www.ituc-csi.org>

SHARAN BURROW
PRESIDENT
PRÉSIDENTE
PRÄSIDENTIN
PRESIDENTA

GUY RYDER
GENERAL SECRETARY
SECRÉTAIRE GÉNÉRAL
GENERALSEKRETÄR
SECRETARIO GENERAL

In reply please quote:
Circular N° 37(2009)

**To all affiliated organisations
To all Global Union Federations**

For information:

**To all General Council Members
To all Women's Committee Members
To all Youth Committee Members**

ESP/JH/km

13 July 2009

The Global Crisis

Dear Friends,

Further to the various ITUC circulars this year on the worsening global financial and economic crisis, I am writing now to provide an update following the discussions at the 5th meeting of the ITUC Executive Bureau (Brussels, 22 June 2009). The background report for that meeting provided a summary of developments and trade union actions over the first half of 2009 and it is attached. It has been revised slightly to incorporate two changes after it was initially written, with regard to the date of the United Nations Conference on “The World Economic and Financial Crisis and its Impact on Development” and the venue of the next summit of the G20 countries, now scheduled to take place in Pittsburgh, USA on 24-25 September 2009. Further information on both events is provided below.

The Executive Bureau received an oral report concerning the discussions at the International Labour Conference this year, which had an unprecedented focus on the crisis. Following the holding of the ILO Global Summit on Dealing with the Job Crisis (Geneva, 15-16 June 2009), the Conference adopted the Global Jobs Pact on 19 June 2009. The Pact, which can be found at http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_108456.pdf, provides guidance for governments, employers and workers' organisations to maintain and create employment. The crucial role of tripartite negotiations at all levels between governments, unions and employers as well as social dialogue and collective bargaining is also highlighted, along with the need to maintain aggregate demand and to avoid deflationary wage spirals and worsening working conditions. The Pact emphasises the importance of public job-creation schemes such as infrastructure development, as well as help for the unemployed and training and skills development, review and adaptation of minimum wages, maintaining workers' rights, attaining a basic social protection floor, and support for quality public services. It refers to the importance of a wide variety of international labour standards, from those on minimum wages to the standard on the termination of employment, all of which could play an important role in responding to the crisis. The

Pact stresses the need for developing country governments to have the policy space to invest in value added production and diversified economies, and to engage in counter-cyclical fiscal policies in order to attain a domestic growth-led exit strategy from the crisis.

Overall, the Pact should provide an important instrument for trade unions to use with employers and with governments in insisting on the need to protect jobs and wages and for a strong public policy role in bringing about economic recovery and economic development, and I would encourage affiliates to make maximum use of it in their interventions at national level. The need for effective and coherent global governance is given attention in the Pact, which calls on the ILO to work with other relevant organisations to assess actions taken to respond to the crisis and those required for the future, and it should serve as an important basis for enhanced ILO involvement in the discussions of the global financial and economic institutions, the UN as well as decision-making fora such as the G20.

In this context, a potentially significant discussion by G20 sherpas took place in Berlin on 12 June, concerning a Global Charter for sustainable economic activity as advocated by the London G20 Summit. The Charter could provide important opportunities to place international labour standards and development and environment principles on an equivalent level to trade, monetary and investment governance instruments. The G20 meeting supported continued work on the Charter and set up a small task force to prepare a draft report to the G20 Pittsburgh Summit in September.

In addition to interventions at the OECD Ministerial Council (Paris, 24-25 June), TUAC worked with the ITUC and GUFs in preparing a Global Unions statement (attached) to affect decision-taking at the G8/G14 Leaders' Summit (L'Aquila, Italy, 8-10 July), on the basis of which the Italian affiliates hosted a G8 Labour Summit meeting with the Italian Prime Minister on 26 June. The TUAC evaluation of the final G8 communiqué is attached.

Following a last-minute postponement as member states sought to reach agreement on its final Outcome document, the United Nations ultimately held a conference on "The World Economic and Financial Crisis and its Impact on Development" on 24-26 June 2009 in New York. The Conference Outcome document, which can be found at http://www.un.org/ga/search/view_doc.asp?symbol=A/CONF.214/3&Lang=E (*please ignore the word "draft" at that URL – it is indeed the final version*) comprises a strong critique of the root causes of the crisis and its severe impacts on developing countries. Unfortunately, there was no agreement to establish the proposed Global Economic Council (GEC) to foster coordinated responses and policy coherence in an inclusive framework. Nor was there any clear commitment to the allocation of special drawing rights (SDRs) for development financing, or the establishment of a debt work-out mechanism to better address debt sustainability and avert a new debt crisis. Nevertheless, the final Outcome document does propose some key lines of action to safeguard development gains including support for decent work, and fostering green economy initiatives in response to climate change. It recognises the importance of the ILO's Global Jobs Pact, and pledges the UN's Economic and Social Council (ECOSOC) to pursuing a job-intensive recovery from the crisis. It provides for institutional follow-up mechanisms including an ad hoc working group of the General Assembly as well as a panel of experts that could, in practice, continue the work of the "Stiglitz Commission" on global financial reform.

The Financial Stability Board (FSB) held its inaugural plenary session on 26-27 June 2009 in Basel. The FSB Secretary-General Stijn Andresen had presented the work programme of the FSB to the TUAC Economic Policy Working Group in Paris on 25-26 May, on the basis of which it is envisaged that trade unions may be able to establish some form of working relations with the Board. However, such improvements were not yet evident at its first plenary meeting, which preserved the secrecy of the FSB's predecessor organisation and did not release its reports. Nonetheless, the FSB has an important role in developing cross-border crisis management, "supervisory colleges" of the major financial institutions and hedge funds, establishing a level playing field across jurisdictions and adherence to financial standards, and trade unions will need to maintain efforts to achieve greater transparency and trade union involvement in its work.

Attention is now focusing on preparations for significant meetings later in the year including the Annual Meetings of the Board of Governors of the IMF and the World Bank (Istanbul, 6-7 October 2009) which comes just after the third G20 Leaders' Summit (Pittsburgh, USA, 24-25 September 2009). The ITUC will be working with the GUFs and TUAC in preparation of submissions and trade union actions for both these meetings.

In conclusion, I would urge affiliates to be active in terms of national follow-up on the Global Jobs Pact, in order to make use of the opportunities it provides; and to anticipate further ITUC circulars requesting your action over the coming months with regard to the IMF/World Bank Annual Meetings as well as the G20 Pittsburgh Summit, as well as the World Day for Decent Work (7 October 2009) which this year will focus on trade union actions in response to the economic crisis. We will continue to keep you informed of developments.

Yours sincerely,

General Secretary

Encl.