

(INSERT LETTERHEAD OF YOUR ORGANISATION)



**Trade Union Advisory Committee
to the Organisation
for Economic Cooperation and
Development**
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International Trade Union Confederation



Outcome of G20 Finance Ministers' Meeting (18-19 February, Paris)

Dear (*name of Minister*),

The (*name of affiliate*) is writing to you, jointly with the International Trade Union Confederation (ITUC) and the Trade Union Advisory Committee (TUAC) to the OECD, to express our serious concern that recent G20 Finance Ministers' meetings have failed to recommend adequate measures to secure a sustainable recovery, reduce current levels of unemployment or propose the necessary financial regulation to prevent the development of a further crisis.

In particular, the communiqué of the most recent G20 Finance Ministers' Meeting (18-19 February, Paris) – which contained just two words on employment - failed to recognise the significance of employment and inequity within and across countries as determining indicators of external imbalances and did not propose significant actions on financial regulation or to address the global resource gap with regard to development, climate and other essential public spending.

This contrasts markedly with the recognition at the first three G20 Summit meetings in Washington, London and Pittsburgh that economic recovery depended on a strong wage-led increase in aggregate demand, and that the financial markets must never be allowed to dictate economic policy again. It is with extreme frustration that we watch the G20 Finance Ministers seemingly ignore the desperation expressed by working people without jobs, decent work or social protection. It is impossible for us to understand the apparent divorce between G20 Leaders and Labour and Development Ministers on the one hand and the approach of Finance Ministers on the other. Jobs and fair wages are at the very centre of achieving sustainable recovery, avoiding a social meltdown (particularly in countries affected by high youth unemployment) and preventing the sorts of unsustainable and destabilising inequalities that caused the last crisis and would provide the roots for another.

We understand the need for fiscal consolidation but consider this can be achieved over time and leveraged off employment-based growth. Relying almost exclusively on cutting government expenditure as the main policy approach despite the evidence of the negative impact it will have on jobs, growth, inequality and social exclusion

seems foolhardy and designed to stoke social unrest. Attacks on wages and bargaining rights, the very economic tools required to drive wealth distribution in the face of declining wage shares in almost every nation, are both socially and economically destructive and will result in political opposition from those very workers and their unions who used their bargaining rights to save many businesses during the first phase of the crisis.

G20 governments need to take coordinated, cooperative actions to stimulate employment and to monitor and measure the results. This is required to avoid a jobless recovery and indeed was the promise of leaders in both London and Pittsburgh and is, we understand the ambition of the French President as the host of this year's G20 activities. This ambition cannot be realised by Labour and Development Ministers alone and we urge you to accept your key role in this regard.

The crisis constituted the failure of a Washington Consensus-type model of growth, and we need political leaders to look now to a new growth model. The ILO Global Jobs Pact is an integrated approach to both demand and supply side measures, was endorsed by the G20 Leaders in Pittsburgh and now requires serious investment.

Likewise the involvement in the Mutual Assessment Process (MAP) of the ILO with the mandate and expertise to include employment and social protection among the indicators that are used to assess G20 economic policies and determine what remedial actions are required. In addition to the impact of wages and employment levels on consumption and hence on trade balances, they are intimately related to the underlying causes of the crisis with regard to imbalances between consumption and savings in countries with large surpluses and, in general, the worsening imbalances between the shares of income received by labour and by capital, which in turn determine aggregate demand.

Thus in the context of the French G20 Presidency agenda, it is vital that the next G20 Finance Ministers meeting (14-15 April, Washington) and the keenly anticipated G20 Conference on coherence (23 May, Paris) should take on board the need to address all the above issues. Finance Ministers need to meet and to work in partnership with their Labour Ministry counterparts in order to discuss the integration of their respective agendas to tackle the crisis, together with trade union representatives of the working people most directly affected by it. It is essential to establish a G20 Working Group on Employment, which should include representatives of G20 labour and finance ministries, development ministries in countries where they exist and, in its broadest form, of the social partner representatives from G20 countries

With regard to the resource issues raised above we welcome the references to "systemic levies" in the G20 Finance Ministers' statement, which we interpret as referring inter alia to the introduction of a financial transactions tax. We consider this both an economic and a moral imperative as such taxation would divert resources away from unproductive speculative activities and at the same time generate resources for decent jobs, development and action on climate change. In this regard, we would request that President Sarkozy host an international conference on this matter during his G20 Presidency, in order to build further support and to undertake work on the concrete form that an FTT should take.

While the last G20 Finance Ministers' meeting did take positive steps in some areas of financial regulation, notably concerning financial groups which are "too big to fail", too much authority is still being left to the various national regulatory bodies, increasing the risk of major and potentially damaging differences between countries.

Furthermore there is no sign of the determination required to rein in the obscene and destructive bonus culture which helped drive the world into crisis in the first place. More determined action against tax havens and corporate tax evasion is also required, along with reforms to the opaque governance of the Financial Stability Board (FSB).

The G20 face a massive challenge on global employment in 2011. Unless G20 governments can agree on significant measures, unemployment and inequality stand to worsen bringing in their wake social unrest and other protests. It is clear that the driving forces behind the upheavals in North Africa and the Middle East were unemployment and inequality; even established democracies need to pay heed to the growing discontent as a whole generation of young people contemplate a future without decent jobs. Unions and their members supported the call for stimulus measures, paid for from taxpayer funds, but seeing that they largely propped up a financial sector that is now squarely back in control and indeed calling for austerity measures for which working people will again pay, there is growing anger. In light of the disappointing and inadequate conclusions adopted by the G20 Finance Ministers, a great deal of work now needs to be done to make up for the failure of the Paris meeting last month.

Trade unions are addressing similar letters to Finance Ministers across the G20, and it is our hope that your next G20 meetings will be significantly more inclusive of these issues as you implement global coordination and formulate future recommendations to G20 Leaders.

Yours sincerely,

<p>Sharan Burrow</p>  <p>General Secretary International Trade Union Confederation</p>	<p><i>(General Secretary Or President of your organisation)</i></p>	<p>John Evans</p>  <p>General Secretary Trade Union Advisory Committee to the OECD</p>
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