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In reply please quote:  
Circular N° 59(2009)

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

For information:

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

ESP/JH

22 October 2009

### **The Global Economy in Crisis**

Dear Colleagues,

Further to the ITUC's previous circulars on the global economic and financial crisis, most recently Circular No. 53 (2009) appending the Global Unions Pittsburgh Declaration, I am writing to bring you up to date on developments in the light of the debates at the ITUC General Council (Berlin, 6-8 October 2009).

The latest world economic forecasts continue to be bleak. True, major international organisations such as the International Monetary Fund (IMF) and Organisation for Economic Cooperation and Development (OECD) have stopped continually lowering their forecasts of economic and employment prospects, and there are some positive indicators. The IMF now predicts economic growth of 3.1% in 2010 at a global level, with growth lowest in the European Union at just 0.3% and continued negative growth forecasts for the Baltic states, Bulgaria, Iceland, Ireland, Spain and Venezuela, among others. However, unemployment is expected to continue to increase well into 2011, and the ILO expects a worldwide rise in unemployment of at least 59 million people already by the end of 2009, bringing total global unemployment to the highest level ever on record. In general, most economic commentators continue to warn that any nascent recovery remains uncertain and that further major financial losses with significant economic spillover effects cannot be discounted.

Against this grave background an international trade union delegation engaged in intensive lobbying at the G20 Leaders' Summit in Pittsburgh, USA on 24-25 September 2009, at the invitation of the AFL-CIO. The delegation held a one-day strategy discussion and then embarked on a series of bilateral meetings with political leaders and leaders of international organisations to present and discuss the trade union demands contained in the Global Unions Pittsburgh Declaration (attached). Over the two days in Pittsburgh, meetings were held with the Summit host President Obama (USA) as well as Prime Minister Brown (UK), President Fernandez de Kirchner (Argentina), Prime Minister Harper (Canada), Prime Minister Hatoyama (Japan), President Lula da Silva (Brazil), Chancellor Merkel (Germany), Prime Minister Rudd (Australia) and President Zapatero (Spain). Among the international organisations, meetings took place with the Directors-General of the World Trade Organisation (WTO), ILO and OECD and with the Managing Director of the IMF.

The trade union pressure resulted in a certain number of tangible results. In the G20 Leaders' Summit meeting itself, our understanding is that President Lula da Silva specifically referred to his meeting with trade unions in Pittsburgh and supported our demands, followed by several other leaders. We further understand that there was widespread welcome for the role and input of the ILO Director-General Juan Somavia - who, it should be recalled, was not invited to the London G20 Summit and whose presence in Pittsburgh can be largely attributed to strong trade union pressure on G20 governments.

An ITUC/TUAC evaluation of the G20 Leaders' Pittsburgh Statement is attached, together with the Statement itself. In summary, the results of the Pittsburgh G20 Summit represented some advance on the outcome of the April G20 Summit in London, including by the inclusion of a section entitled "Putting Quality Jobs at the Heart of the Recovery". However they also demonstrated a degree of complacency, and progress was slow in some crucial areas. The role agreed for the ILO was especially important but key questions remain, notably concerning the International Monetary Fund (IMF), financial regulation and climate change. However, with the global jobs crisis still worsening, the Pittsburgh Summit did agree to hold a meeting of G20 Labour Ministers including consultation with labour and business in early 2010 that provides an opportunity to push the maintenance and creation of decent jobs higher up the agenda, with implementation of the ILO Global Jobs Pact as a central objective. The G20 further agreed to hold their next Leaders' Summit together with the G8 in Canada in June 2010, stating that the G20 would henceforth be "the premier forum for our international economic cooperation".

An OECD Labour Ministers meeting took place immediately following the G20 Summit and specified a series of measures that governments should take to support labour demand during the crisis. Future ILO/OECD cooperation was agreed. At the Annual Meetings of the IMF and World Bank taking place in Istanbul on 6-7 October 2009 in parallel with the ITUC General Council, while the Meetings' statements did not give the same emphasis to the need for an employment-centred recovery as did the Pittsburgh G20 Statement, in other respects the G20 decisions were largely endorsed by IMF and World Bank member states - further indicating the significance of the G20 in shaping world economic decision-making and, consequently, the importance of achieving effective trade union influence on G20 processes.

The above developments as well as the ongoing ITUC/TUAC advocacy work at other fora including the ILO, the United Nations, the IMF and World Bank and the Financial Stability Board (FSB) were reported to the General Council, which discussed the crisis in some depth. The ITUC's work on the crisis in concertation with its Global Union partners was welcomed and its analysis of the G20 Statement endorsed. The readiness of world leaders to meet the trade union delegation even during a short, intensely busy period in Pittsburgh bore witness to the degree of access and influence that had been achieved in the ITUC's three years of existence. In overall terms, it remained vital for the trade union movement to keep up the pressure for a global economic stimulus and oppose any premature "exit strategy" until such time as the crisis was truly over, which was far from being a fait accompli. It was essential to pay attention to the impact of the crisis on women and other vulnerable workers, and the need for concomitant government measures to assist such groups. The renaissance of interest in a financial transactions tax was particularly important, both with a view to raising resources for public services and development and in order to hinder speculative financial investments, and responsibility for developing such a tax could not be left solely to the IMF. Financial markets remained in need of significantly tighter regulation, also with a view to achieving a sea change in

the prevailing world economic model that would go beyond this crisis and help to achieve broader and more sustainable economic growth in which resources and prosperity were shared more evenly between capital and workers and between industrialised and developing countries.

Many interventions focused on the importance for the ITUC to continue to pay close attention to a universal perspective and a global response to the crisis, bearing in mind the limited representativeness of the G20 by comparison to the full spectrum of the world's nations present in UN institutions. The serious concerns that the ITUC had flagged with regard to the greatly enhanced role given to the IMF, despite the lack of evidence that it had significantly improved its structural adjustment conditionality or its contractionary approach to economic policy management that risked putting countries in "straitjackets" for the sake of fiscal discipline, were widely endorsed with reference to examples in countries ranging from Pakistan to Barbados, Colombia, Indonesia and Senegal. Many General Council members emphasised governance questions, calling on the ITUC to maintain its efforts to open up the IMF and the FSB, to fully secure the ILO's participation in international decision-making on an equal basis to the international financial institutions (IFIs) and the WTO, and to achieve strong and enforceable labour standards components in any Charter for sustainable economic activity to be drawn up. Clearly, the ITUC would need to work in close collaboration with the ILO in sustained preparation for the scheduled G20 Labour Ministers' meeting, with the cooperation of the AFL-CIO and TUAC.

In concluding the discussion, the General Council endorsed the Global Unions Pittsburgh Declaration. The ITUC will now be engaged in a range of follow-up over the coming months in cooperation with TUAC and its other Global Unions partners and regional organisations and in accordance with the proposals in the ITUC report to the General Council, indicating priorities for further action in the following areas:

- promoting adequate fiscal and monetary stimulus measures to achieve the required expansion to create decent jobs;
- promoting labour issues, a role for the ILO and the Global Jobs Pact in a new paradigm for international governance;
- addressing both immediate and longer-term issues to promote the interests of developing countries;
- financial regulation measures including the roles of the OECD, the FSB and the IFIs;
- climate change and "Green New Deal" investments to shift towards a low-carbon economy with decent, green jobs.

We will continue to keep you informed of developments with regard to the above actions and to the global economic and financial crisis in general. We will be back in touch with further proposals for your interventions at the national level as well as with the international institutions in order to achieve recovery and to prosecute trade union demands for change in the world economy.

Yours sincerely,  
General Secretary

**Document link:**

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