

Vain and Void, neither G8 nor G20!

Monday 28 June 2010, by [MILLET Damien](#), [PERCHELLET Sophie](#), [TOUSSAINT Éric](#) (Date first published: 28 June 2010).

As at previous meetings, the Toronto summit of the exclusive G20 club to which the world's richest countries invited the heads of state of the major emerging countries once again raised great expectations only to conclude with an empty bubble. As in London in 2008, then Pittsburgh in 2009, the Toronto G20 discussions focused on a way out of the crisis. But a capitalist way out, favouring creditors and great powers.

For the last two years global financial regulation has been an elusive sea serpent, unsurprisingly resulting in no concrete measures. To appease their citizens who pay a high price for the consequences of the present crisis although they bear no responsibility for it, governments pretend they are trying to redefine the rules in the global financial game whereas for decades they have promoted the cancellation of any rules that would protect the world's peoples.

Regulation of the derivatives market, i.e. purely speculative financial innovations with no social utility, capital requirements for banks, limits on the new surge in bonuses for executive officers in major banks, taxation of major banks and financial transactions are issues that brought out sharp divergences within the G20. This is a very convenient way of not deciding on anything. This agenda won't be discussed until the next G20 summit in Seoul in November 2010. This is an effective means of making no progress on this essential issue.

Each media show is sure to feature the same harping against protectionism. All over the world, the World Trade Organization (WTO), backed by the World Bank and the International Monetary Funds (IMF), pursues its mission of doing away with national protections viewed as obstacles to free trade. This means people's fundamental rights, such as the right to food sovereignty, are sacrificed on the altar of growth and TNC profits.

However, the various crises that have shaken the world in recent decades have their origin in this very liberalization of trade and of the flow of essential speculative capital. The major financial deregulation in the 1990s, destructuring complete sectors of national economies, and dismantling the State set the stage for the sudden offensive of capital holders against populations all over the world, first in the South but now also in the North.

The current crisis and bank bailout plans have hugely increased the public debts of countries in the North. The hurricane of austerity measures unleashed on European countries has led to drastic public spending cuts while preserving returns on capital. The G20 thus committed itself to fiscal plans that will at least halve deficits by 2013 and stabilize or reduce government debt-to-GDP ratios by 2016.[1] The cuts needed to achieve this will put the burden on working-class people and favour affluent classes. The toxic remedies first applied in the 1980s are back: wage cuts or freezes, higher VAT, deregulating the labour market, privatizing public companies, retirement pension system "reforms". The first victims of all these austerity measures will be found among the people whose situations are most precarious. Since 2008, IMF has opened credit lines to some ten European countries. In Iceland the people have made clear that they would not pay for the financial and banking sector's mistakes. In Romania the 15% cut in retirement pensions was ruled unconstitutional despite IMF pressure. In Ukraine, relations between IMF and the government have been stalled since the latter's unilateral decision to raise minimum wages by 20%. Several major

demonstrations have taken place in countries hit by these policies, as well as in Toronto where anti-G20 demonstrations were brutally repressed.

The G20 summit was thus merely one more building block in a capitalist way out of the crisis. For everyone struggling for social justice, this G20 is an empty shell: it relentlessly makes the same unjustifiable demands and comes up with the same old phoney "solutions". Leaving aside the illegitimate G8 and G20, the very root of these crises must be tackled, by expropriating banks and transferring them to the public sector under citizens' control, by a citizen's audit of the public debt to cancel illegitimate debts, by establishing genuine tax justice and a fairer distribution of wealth, by fighting massive tax fraud and evasion, by regulating financial markets through a register of shareholders and the prohibition of short sales, by a radical cut in working hours to create jobs while safeguarding wages and increasing retirement pensions. To achieve this we have to build a vast popular mobilization to unite local struggles on an international level and do away with socially regressive policies.

Damien Millet, Sophie Perchellet, Eric Toussaint

[1] The G-20 Toronto Summit Declaration

<http://g20.gc.ca/toronto-summit/summit-documents/the-g-20-toronto-summit-declaration/>

P.S.

* Translated by Christine Pagnouille in collaboration with Marie Lagatta.

* Damien Millet, Sophie Perchellet and Eric Toussaint, spokespersons, vice-president of CADTM France and president of CADTM Belgium respectively (www.cadtm.org).