

G20: an inconsistent script to be thoroughly rewritten

Sunday 16 November 2008, by [MILLET Damien](#), [TOUSSAINT Éric](#) (Date first published: 15 November 2008).

The G20 summit that brought together major industrialised and emergent countries in Washington on 15 November 2008 is a dismal failure. The international financial crisis is deep indeed, stock markets lost close to 40% of their capitalisation in October 2008, financial markets are awaiting decisions by the States in order to develop remedies against a dark future. The international media spotlights were on Washington for this mid-November weekend. And yet...

Yet what happened in Washington? A sorry show, a script that lacks any credibility, but few spectators seem to care. In detective films it is seldom the case that the keys to the Court of Justice be given to arch criminals. Yet this is what the G20 summit is planning to do.

Since the debt crisis of 1982, major industrialised countries have strongly promoted the neoliberal economic measures that the IMF and the WB were imposing on DCs. In the 1980s and 1990s the South was crushed by debts because of the fall of commodity prices and a steep rise in interest rates; it was forced to reform its economy to be able to service the debt: it introduced wild deregulation, massive privatisations, opening of markets to the greater benefit of corporations in industrialised countries, cuts in public service and social budgets ... It was claimed that the source of evil was too much State intervention, and the influence of the State on the economic sphere had to be reduced at all costs, even - or rather especially - when it attempts to stand up for the interests of the majority.

For Third World populations, the remedies imposed by the IMF, the WB and later the WTO, at the request of leaders of countries in the North were worse than the disease. Anti-IMF riots multiplied, for instance when the price of bread doubled overnight. With the notable exception of a few left-wing governments, often placed under strong pressure to bring them back to compliance, most governments of the South applied these measures without flinching. Presented as a prime requirement to the creation of wealth, economic deregulation was extended to the whole planet. Private financial institutions were then free to invent more and more complex financial products with a view to ever-increasing profits, turning a blind eye to actual economic consequences. Mind-boggling financial packages were set up without any public control, and of course any concern for morality. As long as it was possible, the dark side of deregulation was hidden behind enticing growth figures, without letting on that the growth thus paraded benefited only the richer segment of the population and that what was actually achieved was a staggering growth of inequalities.

Then the time came when it was no longer possible to claim that the bride was beautiful when her dress was soaked in blood. The international financial crisis started in August 2007 and intensified in 2008. Major banks (Northern Rock, RBS, Bear Stearns, ING, Fortis, Dexia, UBS and so many others), big insurance companies (AIG), mortgage associations (Freddie Mac, Fannie Mae) called on the State for help and the State often complied and bailed them out. But instead of taking advantage of the situation and retrieving control of those runaway machines, the State left decision-making power to those who had led the global economy to its current impasse.

This G20 summit shows that lessons have not been learned. The old demons of the past are still with

us. The IMF and the WB, though further delegitimised by the failure of the measures they have enforced for 25 years and by the governance crisis they have experienced over the last years (Paul Wolfowitz' forced resignation as president of the WB, Horst Köhler and Rodrigo Rato resigning from the IMF, the recent investigation concerning Dominique Strauss-Kahn at the IMF), are still at the heart of the proposed solutions. WTO negotiations aiming at even more economic deregulation, while we have just witnessed the utter failure of this policy, are again on the agenda. While IMF loans could no longer find clients, Hungary, Ukraine and Pakistan have volunteered. Contrary to denials by concerned institutions, the same intolerable conditionalities are still the order of the day: as counterpart for the latest loan Hungary had to decide, among other things, to suppress civil servants' 13th month bonus and freeze their salaries. Japan even proposed to supply the IMF with USD 100 billion so that it could increase its loans and carry on its fateful activities. Moreover the meeting that was intended to find a global solution to the current crisis was not held in the context of the United Nations but in the limited context of the G20. So the very promoters of an unfair and unsustainable model are asked to rescue this model. The only solutions that were put forward protect the interests of major creditors. Populations and poor countries as usual were not consulted.

When faced with such an inconsistent and ill-conceived script, one cannot but hope for a final twist that would introduce a measure of justice and ethics into all this. This final twist can only be found in social struggles all over the world to bring about a radical change in economic choices. And if the film should end as dismally as it started, there is a strong chance that the audience will be highly dissatisfied and make it known to the twenty directors in the most vehement manner ...

P.S.

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