

PRESS RELEASE

# G20 fails to deliver real change

Wednesday 8 April 2009, by [Jubilee Debt Campaign](#) (Date first published: 2 April 2009).

Jubilee Debt Campaign is disappointed that world leaders have not understood the systemic nature of the economic crisis or the need for radical change to address it. The crisis is affecting us all, but is having particularly disastrous effects on the poorest in society and the poorest countries.

Fundamental transformation of the economy is needed both to stem the crisis and build an economy that works for jobs, justice and the climate. The G20 has failed to tackle the underlying systemic issues, and continues to cling to many of the policies that caused the crisis in the first place.

In particular:

**IMF boost:** A stimulus package for developing world countries is urgently needed, but today no new money for stimulus has been announced. Instead the International Monetary Fund has been given a huge increase in the amount it can lend - some \$750 bn. Most of this won't go to the poorest countries. Moreover, pushing it through compromised institutions like the IMF without fundamental reform could do more harm than good. It is imperative that the IMF immediately stops attaching damaging austerity conditions to its funding, and that funding for the poorest countries comes mainly in the form of grants, if we are not to see mounting debt burdens impact on countries for years ahead;

**Trade finance:** Support for developing country trade is important, but giving more money to unreformed export credit agencies is a potentially dangerous move. These agencies have financed projects that have caused social and environmental damage; gone into the hands of corrupt officials, or supported oppressive regimes. Radical reforms in the governance, policies, and practices of these agencies, including the UK's Export Credit Guarantee Department, are needed if they are going to have a bigger role;

**Tax havens:** We welcome the clear recognition of the problems caused by tax havens, which sap poor countries of revenue and make them more dependent on international lending, and harbour 'vulture funds' that seek to profit from indebted poor countries. However the changes proposed to tackle tax havens are not comprehensive enough, and are without clear enforcement mechanisms. Countries that sponsor tax havens, such as the UK, need to lead the way in cleaning them up;

**Debt cancellation:** While the reaffirmation of previous commitments on debt relief is welcome, wider and deeper debt cancellation is needed now more than ever, to prevent poor countries being tipped back into the level of debt crisis witnessed in the 1980s. Jubilee Debt Campaign estimates that, out of 43 countries most at risk from the crisis, 38 had unpayable debts before the crisis (2). At least some of the proposed IMF gold sales for poor countries should be earmarked for debt relief.

Nick Dearden, Director of Jubilee Debt Campaign said:

*"Gordon Brown has announced that"the Washington Consensus is over."But in practice the G20 has still not broken with the sort of free market policies that are responsible for this crisis - as well as years of growing inequality and instability that has deeply damaged the fight against poverty."We*

*have a once-in-a-generation opportunity to radically transform the global economy. The G20 have failed to take that opportunity, so it is for ordinary people to continue mobilising to ensure that 2009 is a year of change. The voices of all countries, and of ordinary people across the world, must be heard at the UN Conference in June if we are to seize this unparalleled moment to build a genuinely democratic, just and sustainable global economy."*

Campaigners all around the world will continue to mobilise to ensure that 2009 is a year of global change.

*For more information contact Sarah Edwards on 020 7324 4725 or Nick Dearden on 07932 335464.*

#### Notes to Editors

1. The published communiqué can be seen at: <http://www.londonsummit.gov.uk/reso...>
2. Jubilee Debt Campaign's G20 report, A New Debt Crisis? Assessing the impact of the financial crisis on developing countries reveals that 38 out of the 41 developing countries most at risk from the financial crisis have unpayable debts, and an estimated \$270 billion of debt needs to be cancelled. Read the report at <http://www.jubileedebtcampaign.org....>