

## **G20 & THE IMF: PEDDLING COSMETIC CHANGES WHILE HOUNDED BY ILLEGITIMACY**

### **Statement of the WOMEN'S WORKING GROUP ON FINANCING FOR DEVELOPMENT<sup>1</sup> for the G20 Summit in Pittsburgh, September 2009**

The current G20 meeting in Pittsburgh takes place a year after the outbreak of the worst financial crisis in recent history. That moment left us astonished as we watched powerful governments and the International Financial Institutions scramble to plug a hemorrhaging financial bubble burst in the system of the global market but the crisis quickly spread as a global contagion and soon entire economies were placed at risk. Everywhere the crisis led to destabilizing impacts on the real economy threatening the livelihoods of men and women.

**WE believe that G20 leaders' declarations have committed three essential mistakes:**

**First, the declarations fail to diagnose the crisis as a symptom of something deeper: the unsustainability of an economic and financial system based on profit;** the over concentration of capital, overproduction, rampant speculation; and the reckless consumerism that is guided by free market principles. The decoupling of the real economy and financial markets was accompanied by yet another fundamental artificial **separation: the productive economy and the sphere of social reproduction.**

**From a gender perspective,** it is also necessary to consider that the aggregate contribution of female labor in the productive economy is concentrated differently than that of male labor. This implies that the impacts of the crisis on women will vary according to sectors of the economy and work conditions. In general, female labor is more vulnerable than male labor with a highest concentration in the informal sector. Therefore, the trend is that women also suffer the most in the productive economy during a crisis. However, **the G20 has not approached or attempted to provide answers to any of these elements and analysis of the gendered aspects of the crisis.**

**Second, the G20 statements presented some of the same elements that caused the crisis as a solution to it.** The emphasis on the conclusion of the WTO Doha Round is a fallacy that ignores the fact that precisely the deregulation of financial services under the General Agreement on Trade in Services (GATS) and trade liberalization of goods, services and investment were factors that led to financial speculation and made the South more vulnerable to competition and financial crashes in the North.

**Third, the G20 and the International Monetary Fund (IMF) statements come from an illegitimate and inappropriate space for a globally coordinated set of responses to the crisis.** When the crisis erupted, the United Nations (UN) was in the midst of preparing for a Follow Up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus. The majority of the UN member states saw this as the appropriate global platform for addressing the financial, economic, monetary and trade issues, along with their global governance architecture. However, the big governments of the G8, unwilling to expose their grave errors, moved quickly to retain dominance by resurrecting the IMF. Their

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<sup>1</sup> The Women's Working Group on Financing for Development (WWG on FfD) is an alliance of women's organizations and networks that advocates for the advancement of gender equality, women's empowerment and human rights in UN processes related to FfD and the global financial and economic crises. For more information, see <http://www.ffdngo.org/gender-financing-development> .

only concession has been to expand representation to a few emerging developing countries into their global financial governance institution and regulatory mechanisms, hence, the G20.

To date, the struggle over the location for coordinated responses to the crisis continues. The UN, with its Group of 192 countries (G192), had since convened the UN Conference on the World Economic and Financial Crisis and Its Impact on Development, which is now being followed up by an Ad Hoc Open Ended Working Group and has supported the work of the Commission of Experts of the President of the General Assembly on Reforms of the International Monetary and Financial System (also known as the Stiglitz Commission). All these took place while the G8 maneuvered to weaken outcomes of the UN processes, including boycotting the Conference in June, an act that clearly signals a lack of openness to dialogue.

**We are also deeply concerned about how funds are actually being disbursed, which is linked to the issues of transparency and conditionalities.**

In April at the London Summit, the G20 directed their financial commitments through the IMF. It provided \$500 billion in resources for the New Arrangements to Borrow (NAB) which is open to all countries. In addition, there was a general allocation for Special Drawing Rights (SDRs) amounting to \$250 billion and another special allocation of SDRs of about \$33 billion. The SDRs are allocated on the basis of equity shares which means that most of this money will go in turn to the G8. On the issue of social protection, a \$50 billion commitment to social protection was made in April, however little is known about how these monies are being allocated and spent other than the written promise.

Another major question is about the content of the IMF's newly "streamlined" conditionalities. There is serious doubt that these will lead away from previous prescriptions of the Washington Consensus. Meanwhile, countries continue to face serious financial gaps and bear the harsh impacts of the financial and economic crisis.

**The Women's Working Group believes that the current situation of severe economic crisis affecting the livelihoods of women and men in the whole world cannot be resolved with cosmetic changes designed from an informal group of powerful countries such as the G20. So we call governments' leaders from the entire world to urgently make efforts to:**

1. **Integrate a gender perspective in a new financial and economic architecture**, which means promoting structural changes to establish a balance between the production system and non-profit oriented activities, which cares for the environment and in which the financial market is subordinated to the productive economy, social reproduction and the reproduction of nature.
2. **Bring the G20 and the IMF under the mandate and authority of the United Nations.** The existing relationship between the UN and the Bretton Woods Institutions will need to be reviewed and revised in support of a new deal for a sustainable future while the G20 must immediately take its rightful place among, not outside of, the G192.
3. **Stop WTO Doha Round negotiations.** Trade negotiations must be done in transparent and democratic spaces and on the terms of Special and Differential Treatment, people's livelihoods, gender equality and environmental sustainability.
4. **Remove conditionalities** for traditional Official Development Assistance and new financing including on the basis of gender, environment and human rights and ensure transparency over money allocation and disbursement.