A FINANCIAL TRANSACTIONS TAX FOR JOB CREATION AND DEVELOPMENT GOALS

Statement by Global Unions[1] to G20 Finance Ministers and the 2010 Spring Meetings of the IMF and the World Bank Washington, 23-24-25 April 2010

Introduction

1. Global Unions endorse the establishment of a financial transactions tax (FTT) to finance economic recovery, job creation, achievement of development goals and climate change costs. They firmly reject the idea that regressive tax reforms or job-killing cutbacks should be carried out to pay for the costs of an economic crisis caused by reckless and irresponsible practices of private financial institutions. Unless vigorous concerted actions are taken, the global employment crisis will continue for years after a recovery measured in GDP terms has begun. G20 finance ministers should give stronger priority to job creation in their policies, and the programmes of the International Monetary Fund (IMF) and World Bank must put decent work at the centre of country-level policy advice and programmes. Finance Ministers and the multilateral agencies must invest in sources of sustainable growth, including education, training, health and green jobs. The IMF should use its vastly increased financial resources, which follow G20 decisions one year ago, to extend financial support over a longer period to borrowing countries and by refraining from calling for "fiscal consolidation" until economic recovery is well established in those countries.

2. Global Unions' statement includes several concrete recommendations for job creation that it invites finance ministers and the international financial institutions (IFIs) to adopt and that will be also discussed with G20 employment and labour ministers meeting in Washington on 20-21 April. Other proposals concern the World Bank's new food security policy framework, expanded debt cancellation for Haiti and other low-income countries, and labour standards practices in World Bank projects. The statement reviews current priorities in the financial regulation agenda that G20 finance ministers will discuss. Finally, the statement comments on the new disclosure policies of the IMF and World Bank and the need to improve consultation of trade unions concerning IFI initiatives and policies that have an impact on workers.

[1] The Global Unions group is made up of the International Trade Union Confederation (ITUC), which has 175 million members in 155 countries; the Global Union Federations (GUFs), which represent their respective sectors at the international trade union level (BWI, EI, IAEA, ICEM, IFJ, IMF, ITF, ITGLWF, IUF, PSI and UNI); and the Trade Union Advisory Committee (TUAC) to the OECD.

Without concerted action, employment crisis will be long-lasting

3. The IMF's most recent global forecasts indicate that a recovery has started, but that it is sluggish overall and of varying strength. Some regions, such as East Asia, have returned to levels of growth approaching pre-crisis rates, but the Fund expects several countries to continue experiencing very slow or even negative growth in 2010, particularly in Europe and Central Asia. Global Unions concur with IMF and World Bank analyses that advise most countries to maintain supportive economic policies until there is a sustained recovery. Without the counter-cyclical fiscal and monetary policies that the G20 and many other countries adopted, the worst economic crisis in almost eighty years would have been even more serious and a much greater number of people would have fallen into poverty. **At a time when last year's stimulus packages are expiring, the tepid recovery currently underway could easily be undermined by further banking crises around the G20, creating a "double-dip" recession and a catastrophic decline in output and employment levels.**

4. According to ILO estimates, the stimulus policies applied by the G20 countries succeeded in creating or saving 12 to 14 million jobs. Despite the formidable policy interventions deployed by G20 and other countries, global unemployment increased by 34 million between 2007 and 2009. But what is particularly troubling for the global trade union movement is that the IMF, World Bank, ILO and other agencies expect the employment crisis to continue to deepen at least to the end of 2010, even if an economic recovery, measured in global GDP terms, is in place. The G20 leaders recognized this reality in Pittsburgh last September when they stated: "Without sustained action, unemployment is likely to continue rising in many of our countries even after economies stabilize, with a disproportionate impact on the most vulnerable segments of our population."

5. A massive global drive centred on job creation is necessary. It is for this reason that the ILO's June 2009 tripartite international labour conference adopted a *Global Jobs Pact*, which the ITUC and other Global Unions partners endorsed. G20 leaders at the Pittsburgh Summit also endorsed the *Global Jobs Pact* and made the following commitment: "As growth returns, every country must act to ensure that employment recovers quickly. We commit to implementing recovery plans that support decent work, help preserve employment, and prioritize job growth." **G20 Finance ministers must ensure adequate funds are made available to implement such recovery plans.**

6. The stimulus policies adopted by the G20 and other countries must be continued in those countries where a sustained economic recovery has not yet been achieved. The policies should be redesigned so as to build in a sharper jobs focus. Large infrastructure projects that were started or accelerated as part of anti-recession strategies have played an important role in stimulus programmes and should be continued, especially if they serve to increase overall productivity. However smaller-scale projects, such as those to increase energy efficiency or for renewable energies and the reduction of greenhouse gasses – the so-called Green Jobs – often have equal or higher employment content. Such is also the case with "social infrastructure" investments in education, training and health care, which, when put in place using sub-national and local government structures, ensure that jobs are created quickly and throughout the country. Care should be taken that job-creation strategies alleviate the impact of the crisis for unemployed women as well as men.

7. The experience of the past 18 months shows the highly variable performances of labour markets in countries facing the challenge of declining GDP, due to vastly different labour market policies. Countries with generous income protection programmes (acting as automatic stabilizers) and well-functioning tripartite dialogue mechanisms (often used to negotiate reduced working-time and other dismissal-avoidance agreements) weathered the recession far better than countries with deregulated labour markets and low levels of social protection. Countries where such programmes are under-developed should adopt improved income-replacement programmes and active labour market policies. In developing countries, extension of basic social security to people with no form of social protection, public works programmes and increases in minimum wages have also proved to be highly effective in stimulating employment creation in less favoured sectors or regions by increasing the cash income flow into those areas. **Global Unions encourage G20 finance ministers to work jointly with their employment and labour minister colleagues, who meet in Washington on 20-21 April, to design and adopt appropriate recovery plans that focus on job creation.**

8. The IMF and World Bank should be supportive of such policies adopted by governments and make employment creation a major priority for their actions. Since 1944, the IMF's primary official goals have included "the promotion and maintenance of high levels of employment and real income" (Article 1 of the IMF's *Articles of Agreement*), but employment has generally been treated by the IMF as nothing more than a by-product of economic growth. As for the World Bank, until recently it used its highest-circulation publication *Doing Business* to promote the perverse notion that governments should create jobs by eliminating workers' protection regulations, a notion that the Bank's own Independent Evaluation Group found to be devoid of empirical evidence - a 2008 IEG report found "no significant association" between the *Doing Business* "Employing Workers Indicator" (which gives the best scores to countries with the least protection) and employment. Fortunately, both institutions have recently shown a willingness to move beyond simplistic or harmful approaches. **The challenge before the IFIs now is to adopt new policy frameworks that put decent work creation at the centre of their country-level advice and financing priorities.**

IMF conditions for emergency loans

9. The unemployment situation is most dire in those countries that suffered a sharp economic decline in 2008-2009 and show no sign of yet having fully emerged from recession. Many of these countries are in Central and Eastern Europe and several sought and obtained IMF emergency loans to overcome financial difficulties. The IMF initially included conditions in the loan agreements that crisis countries should reduce if not completely eliminate fiscal deficits, at the same time as it was encouraging the G20 states to expand their deficits for financing counter-cyclical stimulus policies. During 2009, when economic activity fell more sharply than the Fund had predicted and austerity loan conditionality provoked widespread popular opposition, the IMF relaxed its conditions in several countries.

10. In countries such as Latvia and Ukraine, where GDP declines were in the 14 to 18 per cent range and unemployment exceeded 20 per cent, the IMF had initially required that deficits not exceed 5 and zero per cent of GDP, respectively, for 2009. Though it later allowed budget deficits to exceed the initial targets by 8 percentage points, in both countries there were large public sector cuts in areas such as health care and education,

leading to the paradox of cutting such necessary investments for sustainable recovery. Furthermore, the current IMF lending agreements require "fiscal consolidation", i.e. reduced deficits, in 2010 despite predictions of continued economic decline or very slow growth in both countries. It is especially important that investment in education be maintained, without which these countries will have a "lost generation" of children and young people with insufficient and inadequate education.

11. The G20 leaders in their April 2009 London Summit agreed to triple the IMF's lending resources so that it could properly assist countries in reversing the global recession. This decision was subsequently endorsed by all IMF member countries, but in early 2010 the IMF had lent less than a fifth of its vastly expanded financial resources**. The IMF should use more of its resources to increase and extend financial assistance over longer periods of time to countries affected by the global financial and economic crisis until they have fully emerged from recession situations.** For the Fund to do otherwise, namely obliging countries carry out fiscal consolidation while still in recession or at the start of fragile recovery, risks plunging those economies into even deeper recession.

A financial transactions tax to pay for the cost of the crisis

12. The IMF has already advised countries to plan "exit strategies" from the extraordinary stimulus programmes that many countries adopted and implemented starting in 2008 or 2009. Any premature exit from expansionary economic policies must be avoided so as to avoid a new recession and to maintain investment in sources of sustainable recovery. Countries should ensure that the rate of reduction of supportive fiscal and monetary policies not hamper the recovery. Future exit strategies will require huge fiscal revenue to pay for the cost of a global recession that began as a financial crisis. The G20 leaders at their September 2009 Summit in Pittsburgh agreed that the financial sector should "make a fair and substantial contribution" to pay for the extraordinary government interventions that were required to save the private financial system from its own risky investments and prevent a total collapse. The IMF was given the mandate to prepare a report on options for such a contribution.

13. The financial burdens imposed on governments by the financial crisis were not limited to the cost of government bailouts. They also included the costs of social protection programmes, such as unemployment benefits, and extraordinary job creation and other economic stabilization measures, which the IMF recommended that countries with fiscal capacity adopt as the financial crisis spread into the real economy and caused a full-blown global recession starting in 2008. Thirdly, the cost of the crisis to the public sector includes the loss of government revenues because of the reduced level of economic activity with consequent cuts in vital areas of public investment, as described above. All three categories should be included in the cost of the financial crisis and its repercussions for the purposes of the IMF's mandate.

14. The OECD has recommended that its member-country governments start engaging in fiscal consolidation by 2011, and the Trade Union Advisory Committee to the OECD (TUAC) has estimated that the cost of deficit reduction called for by the OECD would create a financial resource gap of $372 billion per year in the period 2012-2014, and

$295 billion annually during 2015-2017.[2] These amounts reflect the costs of the financial and economic crisis assumed by governments. Among other needs, revenues will be needed to meet the challenge of creating sufficient jobs to bring employment levels back to pre-crisis levels. Furthermore, governments of OECD countries have announced highly important commitments for official development assistance and for climate change financing that would raise the annual totals to $696 billion in 2012-2014 and $631 billion for 2015-2017.

15. The options considered by the IMF and G20 finance ministers must, at the least, generate the substantial revenues needed to fill the substantial financial resource gap created by the financial crisis and the ensuing global recession that it caused. Additionally, G20 ministers and the IMF must ensure that the measures they put forward and adopt contribute to preventing a recurrence of speculative bubbles and another catastrophic financial crisis. A properly designed and implemented financial transactions tax (FTT) would meet these two criteria, which is why Global Unions, its members organizations and affiliates around the world support it.

16. Other options that have been discussed, including a levy on bank sector liabilities or a "banking insurance" scheme, fall short for one or both of these criteria. Civil society organizations around the world, various governments and even some business leaders have supported the idea of an FTT. Along with its revenue-generating capacity, an FTT would contribute to reducing "short-termism", asset-price bubbles and recurrent financial crises, and instead encourage productive job-creating investments in the real economy. The experience with already existing securities transactions taxes in some countries shows that such a tax can be successful applied in one or a few jurisdictions, but an internationally agreed and coordinated implementation process will obviously lead to even more effective application. The IMF should advise on the coordination it can offer towards the implementation of the FTT, either in the report for G20 finance ministers in April or in follow-up reports.

17. **Working women and men around the world have paid a heavy price for the consequences of the global crisis, which had its origin in harmful and predatory practices by private financial institutions. They have paid the cost in terms of massive job losses, decreased wages and reduced benefits. The global trade union movement will strongly oppose any attempt to make working people assume the burdens of the financial crisis through regressive tax reforms that would increase inequality, have a depressive effect on the real economy and cause even higher unemployment. It will also oppose further cutbacks in social programmes or the denial of funding for jobs-creation initiatives. Global Unions call for a fair sharing of the financial burdens and believe that the FTT is the only realistic option that would meet the challenge of repairing the costs of the financial crisis, restoring employment levels and achieving development and climate goals. The IMF and G20 ministers should endorse the FTT and put in place a process for its precise design and coordinated implementation.**

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[2] TUAC, *The Parameters of a Financial Transaction Tax and the OECD Global Public Good Resource Gap, 2010 – 2020* (http://www.tuac.org/en/public/e-docs/00/00/06/7C/document_doc.phtml).

World Bank's new framework on food security

18. The World Bank recently issued a *Global Agriculture and Food Security Programme* (GAFSP) following the G20 leaders' request in their Pittsburgh statement that the Bank work together with regional development banks and other international organizations on the issue. The decision of the World Bank to focus attention on food security is welcome, after years of diminished attention paid to agricultural production to meet domestic needs. It follows the devastating impact, particularly in the poorest countries, of the food price crisis that reached its peak in 2008. Despite some moderation in the past 18 months, prices are still high by historical standards and access to sufficient nutritive food remains problematic for low-income households in many poor countries. Fuel prices also remain high, despite a temporary lowering of prices that occurred in late 2008 and early 2009.

19. The Bank's new GAFSP recognizes the importance of the "effective empowerment of farmers … through producer organizations", to ensure that agricultural support programmes adequately contribute to food security objectives. However it makes no mention of the fact that 40 per cent of the agricultural workforce, according to the ILO, is in some form of employment relationship; for the most part they are landless agricultural labourers. The ILO has found that this sector is one of the most dangerous to work in, child labour is rampant and the number of women workers is increasing. Additionally, the International Union of Food and Agricultural Workers (IUF) has documented numerous cases where freedom of association has been denied to these workers.

20. **Empowerment of agricultural workers and seeking input from their organizations should be as important for the World Bank's policy framework on food security as working with farmers' organizations, NGOs, outreach groups and universities, whose roles are all mentioned in the GAFSP.** The Bank should seek to actively involve workers' organizations in the GAFSP as has the United Nations High-Level Task Force on the Global Food Security Crisis (HLTF) where both the IMF and the Bank are members. All dimensions of food security must be addressed - access, availability, utilisation and stability – and the Bank should make sure that all investment projects under the GAFSP are conducted with respect for labour rights and decent work. In addition to seeking to raise agricultural productivity, the Bank's policy approach should give greater emphasis to stability and environmental and social sustainability of developing-country agriculture as a means for achieving food security. The Bank should also ensure that it works in full cooperation with the UN's Food and Agriculture Organization (FAO), which has established a Committee on World Food Security.

Complete debt cancellation for Haiti and other low-income countries

21. The devastating earthquake that took place in Haiti on 12 January 2010 led to renewed calls in favour of complete debt cancellation for Haiti and other impoverished countries. These occurred after it became known that, despite having been eligible and met all the conditions for the Highly Indebted Poor Countries (HIPC) initiative and the Multilateral Debt Relief Initiative (MDRI), Haiti was still obliged to pay large sums to the IMF and the Inter-American Development Bank (IDB), and smaller amounts to the World Bank and some bilateral donor agencies. In addition, although the IDB and World Bank have provided their latest assistance to Haiti in the form of grants, the IMF's emergency assistance in response to the earthquake is in the form of a $100 million reimbursable

loan, though with a substantial grace period. **Global Unions join with numerous other organizations in calling for all debts owed by Haiti to be completely cancelled by the IFIs and other creditor agencies. Haiti should be granted substantial international assistance in the form of non-reimbursable grants for the tremendous task of national reconstruction that it faces.**

22. **Global Unions also support the proposal of the international Jubilee campaign that all of the poorest member countries of the IMF and World Bank (the "IDA-only" countries), as well as some other countries with unsustainable debt burdens, should be eligible to cancellation of 100 per cent of their debts owed to the IFIs.** All of these countries face formidable challenges to recover from a combination of recent crises – the food and fuel price crises, the global financial crisis, the global recession – all of which were caused by factors beyond their control. As the World Bank pointed out in a recent analysis, 64 million more people will be living in extreme poverty in 2010 as a result of the global economic crisis and developing countries will continue to suffer from reduced capital inflows and higher borrowing costs over the next several years. The least the international community can do is not to require that they make loan payments to the IFIs rather than using the scarce financial resources to make up some of the ground they have lost in working towards attainment of the Millennium Development Goals.

Supporting quality employment for a sustainable recovery

23. The IMF and World Bank must play a positive role in support of quality employment creation for both women and men so as to a achieve sustainable global economic recovery. The IFIs should ensure that their loan conditions and policy advice, both on global and country levels, are consistent with the G20 Framework for Strong, Sustainable, and Balanced Growth that was adopted at the Pittsburgh Summit in September, and do not work at counter-purposes with it. This can be done through several initiatives:

- **Support for infrastructure projects to create jobs and for longer-term sustainable development**, especially investments to improve energy efficiency and reduce dependence on fossil fuels. "Green jobs" strategies have been shown to be particularly effective in creating employment.
- **Assistance for much needed investments in agriculture**, including through the improvement of rural infrastructure, re-establishment of state services to provide low-cost seeds and fertilizer, assistance for marketing of crops, and support for both agricultural wage-labourers and farmers in their efforts to improve their living standards.
- **Investment in public services,** notably education and health care, including a surge in vocational education and training, to stimulate economic activity and create the conditions for long-term growth by investing in people through quality public services that are accessible and affordable and are essential for sustained improvements in countries' productivity.
- **Additional assistance to allow countries to meet the Millennium Development Goals (MDGs)**, which include specific objectives to reduce extreme poverty, enhance access to water and sanitation, improve health conditions and achieve equality between women and men, and contain a target for expanding decent work.

- **Support for economic strategies that increase workers' wages and improve social protection as priority goals.** In their Pittsburgh Summit statement, G20 leaders recognized the steps taken by some countries "to expand domestic demand, bolstering global activity and reducing imbalances". They requested their finance ministers, with the assistance of the IMF, to assess whether policies are "supportive of strong, sustainable and balanced growth" and to suggest "G-20 policy adjustments, individually and collectively". G20 ministers and the IMF should encourage countries overly dependent on external markets to build stable domestic demand bases as a central policy objective. Consistent with this goal, the IFIs should support the strengthening of trade union rights including collective bargaining, social protection accessible to all workers and protection of the most vulnerable through improved social safety nets.
- **Support for appropriate labour market regulation, adequate social protection and respect for workers' fundamental rights** as essential ingredients for a sustainable development strategy which ensures that economic recovery and growth do not enrich a minority at the expense of most of the population. As the G20 leaders stated in their Pittsburgh declaration: "The current challenges do not provide an excuse to disregard or weaken internationally recognized labor standards. To assure that global growth is broadly beneficial, we should implement policies consistent with ILO fundamental principles and rights at work." Remembering that women and young workers are the most heavily affected by the crisis, a particular emphasis must be placed on social protection programmes that respond to the needs of women workers and on enforcement of anti-discrimination measures.
- **Incorporating a comprehensive role for the ILO into IFI labour market discussions, and giving the ILO responsibility for employment and social protection analysis in the G20 Global Framework,** providing for its participation on an equal footing to that of the IMF.

Protecting workers' rights in World Bank-financed activities

24. The IFIs' most effective contribution to policies that are consistent with the ILO fundamental principles and rights at work is to ensure that their own operations comply with the core labour standards (CLS).[3] The World Bank Group has made important strides in this area, beginning with the IFC's requirement in 2006 that all of its projects must be in conformity with the CLS and some other labour requirements.

25. The IFC is currently engaged in revising its social and environmental performance standards, during which it should examine what supplemental monitoring and enforcement mechanisms need to be created, for example concerning financial intermediaries, which represent a large and growing proportion of IFC's portfolio, or in contexts of generalized workers' rights abuse. The performance standards should also be updated in light of the massive job losses resulting from the global economic crisis. IFC's standards currently do not include requirements for firms to provide advance

[3] Core labour standards are internationally-agreed fundamental human rights for all workers, irrespective of countries' level of development, that are defined by the ILO conventions that cover freedom of association and right to collective bargaining (Conventions 87 and 98); the elimination of discrimination in respect of employment and occupation (Conventions 100 and 111); the elimination of all forms of forced or compulsory labour (Conventions 29 and 105); and the effective abolition of child labour, including its worst forms (Conventions 138 and 182).

notice or severance pay or to avoid dismissals of workers to the greatest extent possible, which could be done through negotiated reduced working time or training programmes for example. **Global Unions invite the IFC to adopt the detailed recommendations which they have submitted for improving the performance standards such that IFC's investments contribute more effectively to global creation of decent work, including respect of core labour standards.**

26. In 2009, the World Bank and the regional development banks jointly agreed to incorporate CLS clauses into their harmonized procurement documents, applicable to public-sector lending. **The World Bank needs to undertake implementation actions to ensure full compliance with the core labour standards, which will require training of Bank and government officials and appropriate monitoring and follow-up at the project level.** Global Unions have offered to cooperate with the Bank in implementation strategies of the requirements. As well as requiring full respect for the CLS in its projects, the Bank should ensure that workers and their unions are consulted in all enterprise or service restructuring projects in which the Bank is engaged. Global Unions have submitted a proposal, which the Bank should support, for the training of trade unions on engaging with the Bank and government officials to deal with the impact on the workforce of enterprise and service restructuring.

A global framework for financial regulation

27. The G20 Pittsburgh Summit statement of September 2009 spoke of "major failures of regulation and supervision, plus reckless and irresponsible risk taking by banks and other financial institutions" that caused the financial crisis. The statement also announced that G20 countries had "begun implementing sweeping reforms to tackle the root causes of the crisis and transform the system for global financial regulation". More than half a year later, and despite the creation in June 2009 of an expanded Financial Stability Board (FSB) mandated to work on the issue, it appears clear that neither has a coordinated international framework for regulatory reform been developed, nor have major individual countries taken substantial steps forward in revamping financial regulations. Additionally, the FSB has operated in an opaque manner and refused to engage in serious exchanges with Global Unions, including its affiliates in the finance sector, despite the fact that working people have been the greatest victims of the failures of regulation and supervision that the G20 leaders identified.

28. **Global Unions have put forward detailed recommendations for financial regulatory reform in each of the following areas, and they urge G20 finance ministers to put into action the sweeping reforms that G20 leaders committed to in 2009**:

- Establishing controls over the shadow financial economy, hedge funds and private equity firms
- Adopting rules for "ring-fencing" risky investment banking activities from other banking operations
- Eliminating tax and regulatory havens
- Integrating asset and leverage risks in prudential rules for banks
- Reining in bonuses and other irresponsible and excessive financial-sector remuneration plans
- Restricting shareholder dividends, share buybacks and leveraged loans
- Strictly regulating credit rating agencies

- Protecting against predatory lending
- Enhancing the mandates and resources of supervisors
- Supporting financial services that serve the real economy
- Tackling capital flight from developing countries, including through the World Bank's *Stolen Assets Recovery Programme*

Revised disclosure policies adopted by the IFIs

29. The World Bank has adopted a new access to information policy, to become effective in July 2010, which represents an important step forward for the institution by accepting for the first time the principle that all Bank information should be made public unless it comes under the scope of specific exceptions. The ITUC and several national affiliates took part in the consultations held by the Bank prior to the adoption of its new disclosure policy. The policy also requires the creation of a new system to repond to information requests, including an appeals mechanism, and the Bank has begun a review of its translation policy. During consultations, trade unions frequently deplored the paucity of information about the Bank's programmes and projects in languages other than English.

30. The Bank's new disclosure policy does contain serious limitations, the most important of which is the broad protection from disclosure given to internal information under a "deliberative process" exception, which means that project information during the preparatory phase and draft policy documents would generally remain confidential. The policy also gives a *de facto* right to governments and contractors to veto publication of any information they provide to the Bank. During consultations with the Bank, the ITUC and affiliated organizations emphasized how important it was for unions to have access to information about projects before they are adopted, so that they can alert the Bank to negative impacts on workers and obtain changes to projects before they are finalized. NGOs that have long analyzed the Bank's access to information practices, such as the Global Transparency Initiative and the Bank Information Center, expressed similar disappointment about some of the new policy's weaknesses.

31. The IMF also recently adopted a new disclosure policy that, while providing for the release of almost all policy documents, will continue to allow governments to prevent the publication of all Fund country-level reports pertaining to the country. Draft policy papers are also excluded from the disclosure obligation, although it is during the drafting stage of policies that input from civil society organizations could have its greatest effect, bringing insights that IMF staff are not likely to get internally or from official sources.

32. The shortcomings in the IFIs' disclosure policies and their practices on consultation have been all too evident to trade unions. In numerous cases of Bank-financed projects or restructuring plans, unions learned of the plans only after all of the decisions had already been taken, even though the Bank has produced toolkits and best practice guides recommending early consultation with workers' representatives on the labour impact of its restructuring projects. Many of the IMF's recent emergency loans have had a major impact on employment levels, wages, benefits and working conditions, particularly among public sector workers. In most cases, workers and their organizations have not been informed until the agreements are already completed. Both IFIs should ensure that they consult trade unions whose members are affected by projects or lending programmes before the project is finalized or the terms of the loan

are concluded. **Particularly in countries where governments neglect to consult trade unions on the impacts of IFI initiatives on workers, the IMF and World Bank should directly inform and consult the workers' organizations involved before finalizing any project or loan agreement with the government.**

Conclusion

33. Global Unions urge G20 finance ministers to endorse the adoption of a financial transactions tax (FTT) as the only viable option for generating substantial amounts of revenue to finance much needed employment-creation strategies, to fill the financial resource gap caused by the global financial and economic crisis and to fund the programmes needed to make progress towards Millennium Development Goals and assist the transition towards a climate resilient global economy. The FTT will also contribute to dampening damaging speculative activity and encouraging the investment of capital in productive real-economy activities. Provided the IMF explicitly supports such objectives, it could take on a central responsibility in the precise design of an FTT and for its coordinated application by different countries. The IMF and World Bank also have an important role to play in supporting recovery programmes which give priority to employment creation, without which it may take several years before job levels return to their pre-crisis levels. The global trade union movement is prepared to work jointly with the IFIs, the G20 and governments worldwide in implementing a decent work-centred strategy to bring about a sustained and sustainable global recovery.

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