

# G20 Summit did nothing for the Caribbean: Developing countries failed to act collectively

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Throughout the Caribbean the effects of the global financial meltdown are being seen in a human face – people are losing jobs, many are in danger of losing their homes from unpaid mortgages, and the income support that some received from relatives abroad is reducing. There is fear and anxiety.



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Naturally, therefore, some hope was pinned on the meeting in London on April 2nd of the so-called G20 countries - actually 19 plus the European Union (EU). This gave Britain, Italy, France and Germany two bites at the cherry. They were there in their own right as well as through their membership of the EU.

Hopes on a beneficial outcome from the G20 meeting were dashed by its communiqué which was long on words and promises and very short on direct deliverables for poor countries and vulnerable small countries such as those in the Caribbean.

Sure there were developing countries at the meeting – Brazil, China, India, Indonesia, Argentina and South Africa were represented at the table. But, let no one fool themselves that they were looking after the interests of the entire developing world. They were concerned with their own interests, and it is doubtful that many of them understand the difficulties and challenges facing small states.

What is more while the G7 countries understood their own agenda and knew what objectives they wished to achieve, there was no meeting of the countries of the developing world before the meeting to devise their own strategy and agree a set of objectives.

Conspicuously absent from the meeting were small island states, the world's poorest states, and countries regarded as "tax havens" even though the latter were the subject

of much attack before the G20 summit and they were linked in the Communiqué to the statement: “We stand ready to deploy sanctions to protect our public finances and financial systems. The era of banking secrecy is over”.

There is no evidence whatsoever that public finances and financial systems were threatened by jurisdictions with off shore financial services. Yet, without one of these accused jurisdictions present to argue the unfairness of the statement, it was made by the G20 including the large developing nations such as Brazil, China and India.

Before the Summit, the President of Brazil, Ignacio Lula Da Silva, quite rightly made the point that the global financial crisis was caused by “white people with blue eyes who before the crisis appeared to know everything and now demonstrate that they know nothing”. Lula was not being racist in his remark; he was simply being factual that it was the finance establishment in the US and Europe with the support of the international institutions they control – the IMF and World Bank – who were the cause of the crisis through poor regulation, and unremitting trust in the magic of the market. Based on their neoliberal ideology, these same G7 countries and international institutions had also forced bitter solutions on developing countries for their economic problems.

But, not a single mea culpa was contained in the Communiqué. There was not a word of admission that the global crisis was caused by the financial establishment in the G7 countries. Nor was there a word of condemnation from the large developing countries that were present. Instead there was the sanctimonious line: “A global crisis requires a global solution”. Well, if that is so, why weren’t countries represented at the meeting in a global way? Why were representatives of small states, the very poor and so-called “tax havens” not at the meeting?

Of even greater importance, why did the countries of the South – the developing world – not get together before the G20 Summit to devise an agenda of their own? China, India and Brazil will not inspire the confidence of the rest of the developing world unless they take the initiative to gather them together to take their views into account and to advance them in these Summits of select countries. Other developing countries also won’t help themselves by not letting Brazil, China, India et al know that they want their views represented.

Turning now to measuring the stated results of the Summit, the biggest announcement was that there will be a \$1.1 trillion aid package. But, when the wrappers are peeled off the package it reveals more promises than guarantees and far less deliverables than it pretends.

For a start, \$500 billion goes to the IMF to be shared by all the countries of the world. But, there was no insistence – even in the present dire circumstances – for the usual harsh IMF conditionalities to be set aside. In any event of the \$500 billion, only half is so far guaranteed. The possibility of any substantial part of this money going to countries in the Caribbean which are treated on the basis that they are middle-income

countries is very remote. And, if any does come, it will do so in the context of an IMF programme with all the usual draconian measures of increased domestic taxation, and public service cut backs.

Unlike the US and the UK where the governments are increasing national debt and spending money on stimulus packages to revitalise their economies, developing countries will be expected to do the reverse.

The World Bank had sought additional contributions for its “vulnerability” funds, but it got nowhere. The group, The Bretton Woods Project, has reported that “the G20 made it clear that these would only be delivered bilaterally from willing donors”. The same Group says that “so far, only Britain has made concrete commitments” but, in doing so, it has diverted \$400 million from its existing aid budget. In other words, it is not new money.

The G20 Summit also called for the completion of the current round of global trade talks under the umbrella of the World Trade Organisation continuing the idea that it would “boost the global economy by \$150 billion per annum”. They neglected to say that of this money, only 10% would go to the developing world and, even then, the vast majority would benefit only China, India, Brazil, Argentina and other large developing nations.

In reality, the best thing that the countries of the developing world could do is to insist on a suspension of all these trade talks while they are coping with the effects of the global financial crisis and until their economies show real signs of recovery.

At the Summit of the Americas in Port-of-Spain, Trinidad and Tobago’s Capital, Caribbean leaders will be at the table with many G20 countries. They should tell them then that the G20 Summit gave them no cause for hope and no message of relief for their peoples. They should also refuse to be at the margins of history and on the floorboards of global decision-making with no place at the table.