

Global Economics, the G20, and You!

A guide to the G20 for people in Hamilton

Perhaps you've heard that the G20 summit is happening in Toronto this June. Maybe you've heard about world leaders getting together to deal with the economic collapse, or to help developing countries. Maybe you've heard about the protests that have accompanied past G20 summits, or about the installation of a huge fence and military-style checkpoints in downtown Toronto. If you've heard these things and are curious what it's all about and what it has to do with your life here in Hamilton, then this is the article for you. Read on and enjoy.

What is the G20? Who are these people? What are they doing?

The G20 is a group of government officials and bankers from the twenty richest countries in the world. They have been meeting regularly since 1999 and their focus is, according to their website, “to promote the financial stability of the world and to achieve a sustainable economic growth and development.” The countries whose leaders are represented in the G20 control about 85-90% of the world’s total economy and have two thirds of the world’s population.

The delegates at the G20 summits are the richest, most powerful individuals from the richest, most powerful countries in the world. . They believe that global economic growth is good, because it allows governments and the owners of corporations to increase the amount of money that they have. They believe this influx of money will benefit the rest of the countries that these corporations are a part of.

The G20 favours the deregulation of markets, which means removing government protections around trade, like tariffs (taxes on products entering a country), and subsidies (financial aid given to domestic production, often for export). They say these things make the market weaker and are contrary to World Trade Organization (WTO) policy. The G20 works closely with the WTO, which exists to supervise and ‘liberalize’ international trade.

Here’s an example of the sort of work the G20 does:

One of the goals of the summit in Toronto, is to continue implementing the WTO’s Doha Development Agenda (DDA). The DDA seeks, among other things: to remove agricultural export subsidies (which is how government’s try to keep the price of their food exports low enough to be competitive); and to reduce “trade-distorting domestic support” to agriculture (which is when governments provide financial or other assistance to farmers to help their businesses be viable). To understand what this means, we can look at India.

India’s leaders are members of the G20. It is known as a developing country, meaning that the leaders of rich countries consider it a country on its way to being rich. It has traditionally been home to a very large number of people who are subsistence farmers, meaning people who

people here in Hamilton have begun planning in their communities, activist groups, and networks of friends about how best to oppose this meeting and the greed and arrogance it represents. We hope to use this summit as an opportunity to unify, to get strong, and to demonstrate that we don’t accept the world-wide system of economic exploitation. By actively opposing the G20 summit when it takes place on our home turf, we are allying ourselves with people all around the world who struggle for justice, independence, and dignity. We become part of a global movement that is providing real solutions to poverty, environmental destruction, and economic injustice. **When we recognize that the forces that oppress and harm us here in Canada – in Hamilton – are the same as those oppressing people in Africa, South America, and Asia, then we can all work together to free ourselves!**

If you have questions or comments about this article, or if you want more information about events in Hamilton around the G20, write to:

hamiltong20resistance @ gmail.com

For information about planned resistance in Toronto during the summit, check out:

g20.torontomobilize.org

For information about the People’s Summit, a counter-summit dedicated to exploring alternatives to what the G20 offers:

peoplessummit2010.ca

away your house, which forces you and your family to move into an apartment building downtown. This apartment building is owned by Effort Trust, and you pay them rent every month. Then you find a job working in a call centre for SP Data, in Jackson Square, earning less than a quarter of what you were making before. After paying rent each month, you are unable to save anything. Rent is different from mortgage payments because it does not lead to you owning the place where you live. This means that all of your labour is only benefitting Effort Trust and the people who own it, not yourself or your family.

As well, your ability to even pay your rent is now tied to the demand for the things that SP Data sells, usually credit cards and long-distance telephone plans. If demand for these things decreases (as is likely to happen during a recession), then you might find yourself working fewer hours, or being unable to predict how much you will earn in a given month. This is similar to the farmer in India whose income is tied to the constantly fluxuating market price of soy. It is called precarious employment. The owners of Royal Bank, Effort Trust, SP Data, and the Government of Canada tell us that we should be happy for precarious employment, because it is 'flexible'.

But these corporations and the people who own them do not give a shit about you. They do not care about your family or community. Your bosses make more than you do because they pay you less than your labour is worth (this is called extracting surplus value). Your landlord get paid for simply owning a building. The government extracts taxes from you at the threat of incarceration. Banks (as well as credit card and payday loan companies) profit from the financial hardship of the people to whom they lend money. **They are rich because you are not.**

Seen in that light, we have more in common with the poor farmer in India than we do with the rich and powerful in Canada. We are both being exploited by the same class of people. And those people are gathering less than an hour away, in just a few months time...

Well, what the heck are we going to do about it?

The G20 has been opposed constantly and energetically ever since it was formed. This opposition takes place in every country and region of the world, and is especially apparent in the form of protests every time the G20 leaders meet. There are a many events being planned between the 18th and the 27th of June, when the leaders will be in Toronto. Many

farm in order to feed themselves and their families, and perhaps to trade with their neighbours. In the nineties, because the government of India had lots of debt, the WTO insisted the country's economy change. One of those changes was to remove the tariffs on imported foods; these had been in place to ensure that it was cheaper to buy from your neighbour than from a foreign corporation. Removing these tariffs forced Indian farmers to compete with the international food market, and most farmers switched to growing large volumes of a single crop for export, to get the cash they now needed to buy food and seeds. This meant that the livelihoods of the farmers became tied to the international market price of goods, like rice and black pepper. Government support for farmers was also removed, to ensure a 'free and fair' market. Therefore, when the prices of those commodities went down, there was mass starvation.

Meanwhile, the upper classes of Indian society became fantastically rich, creating a larger demand for things like cars and microwaves. Some of the people who lost their livelihoods as farmers began to work in factories owned by the rich to produce those products. Others continued working as farmers, often on the same land as before, but now in the employment of the rich person who bought that land after they went bankrupt. **This is called development.**

The G20 was formed because the G7/8 (the seven richest countries in the world, plus Russia), thought it was important that developing nations have a say in how the world economy functions. India had demonstrated its commitment to development, and so was invited to join.

Why do so many people oppose the G20?

People oppose the G20 for several reasons. One important reason is that **the G20 is undemocratic**. Did anyone ask you if you wanted Canada to be in the G20? Do you remember that question ever coming up in an election, or even being discussed in parliament? It was not, nor did the people of any of the other member countries get a say in whether or not their countries are represented there.

Ah, but there's an important word: "represented". The delegates at the G20 summits are the richest, most powerful people from their respective countries. They claim to represent the less rich and powerful people, but do they really? There is no accountability for anything that gets talked about or decided at the G20 – its decisions are never taken back to the people of the member nations, there is no consultation. People in

Hamilton are not represented at the G20, our views and needs are not present in their discussions.

The G20 summit only represents the richest people in the member nations. Once we see that, then we can view their financial policies in a new light. When they say 'growth', 'development', and 'capital flow', what they are describing is a massive transfer of wealth from the public to the private sector. Another way to say this would be that it's a transfer of wealth from the people to the elites, or from the workers to the owners.

One big example of this, and an important reason why people are opposing the summit in Toronto, is the recent **worldwide corporate bailouts**. These bailouts were distributed starting in late 2008, and were coordinated through the G20 meetings in Washington, London, and Pittsburgh. The bailout in the United States has received more press, but the financial sector in Canada received 75 billion dollars from the federal government at around the same time. But the government here did not call it a bailout – they simply called it a 'market transaction'.

Public money was used to support the financial sector while the rest of us were left to fend for ourselves. This was based on the idea that what is good for the stock market is good for poor and working people living in Hamilton – but is this true? Have the bailouts improved the daily situation of regular people in Hamilton? It is unclear if they have – but what is obvious, is that they have made the lives of the very rich much less stressful. The bailouts are part of a pattern where the needs of people who have lots of money are considered more important than the needs of those who don't.

Who decided that the bailouts needed to happen? It was rich politicians with strong corporate ties, and the owners of large financial corporations – these are in fact the only people who are in positions to make meaningful decisions in any of the G20 countries. The class of people who created the financial crisis and then planned the bailouts are also the ones who directly received the money, money that came from taxes paid by poor and working people. Therefore, the bailouts are massive transfers of wealth from the many poor to the few rich.

Another reason people oppose the G20 is because it contributes to **global inequality and widens the gap between rich and poor**.

Canada generally benefits from G20 policies, by virtue of having been a

rich country for a long time. Above, it was mentioned how the G20 is opposed to things it calls 'protectionism'. But it allows for protectionist measures that existed before the rise of international financial bodies, like the WTO and the G20. So that means the United States and Canada are able to continue subsidizing exports and funding their farmers, because they had already been doing so. Meanwhile, countries like India were owned and controlled by countries like Great Britain in that period before the rise of international financial institutions. These countries had much less control over the shape of their own economies, and quickly found themselves trapped in cycles of debt to the countries, like Canada, that were already rich.

This unfair double standard is responsible for millions of deaths in the so-called 'developing world' and continues to force people into precarious living situations. The G20 is in the process of replacing the G7/8 (of which both Canada and the US were members), which they claim will bring more countries and people into a position to benefit from globalized economics. This is the ideal that the G7/8 nations held out to the poorer nations while forming the G20 – that someday their countries would be like the United States and Canada. And the rich and powerful in those developing countries hold that same vision out to their own people – someday you will live like the people in the United States and Canada.

As we enter an age of ecological and financial uncertainty, the G20 leaders continue to tell poor people around that the world that there is room for everyone at the top. **But this is bullshit, it is a lie.** The rich cannot exist without the poor — meaning that the US and Canada depend on nations like India for their high quality of life. The rich are rich because the poor are poor – meaning this high quality of life here is created by impoverishing others there. We must ask ourselves who benefits from the policies made by the G20, and this leads us to the question...

And what does all this have to do with my life in Hamilton?

Here's another example:

Suppose you live in Hamilton and have a job at Stelco. Based on your salary, you were able to buy a house, with a mortgage from Royal Bank. As the G20 increase international 'capital flow', investment in steel moves from Canada to China, where costs, wages, and environmental standards are lower. This 'flow' causes the Stelco plant to close and you to lose your job. Because you no longer have a job, Royal Bank takes