

Bush's Farewell Farce: The G-20 Economic Summit

By [Shamus Cooke](#)

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After hearing that the media was referring to the weekend gathering of the G-20 as “Bretton Woods II”, the White House immediately began a coordinated attack on expectations. The economic summit that was to fix the deepening economic crisis was raising hopes too high (Bretton Woods was the 1944 conference that re-organized the world capitalist system after WWII).

Bush: “This problem did not develop overnight and it will not be solved overnight”.

Media outlets rightly interpreted this — and other statements — to mean that little or nothing would be accomplished.

After learning about the announced “successes” of the summit, working people will likewise conclude that nothing of importance had occurred. And this after Bush urgently declared, “Billions of hardworking people are counting on us.”

What was accomplished?

The only real accomplishment of the meeting was that no fighting took place (publicly), and that all 20 participants signed their names onto a common document. World tensions are in fact so strained that this really does constitute a form of success.

But when one browses through the lengthy joint statement, what is most noticeable is the lack of substance. Even though the document includes an “action plan” with “immediate steps” to be taken, the already-vague content is dulled with such words as “should,” “recommended” and “as appropriate,” which appear in nearly every sentence. For example:

“Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards.”

The entire document is equally painful and ambiguous. The New York Times correctly stated: “Though the proposals were cast as ambitious reform, they mainly reflected steps that the countries were already undertaking.”

These vague steps include: “higher regulatory standards,” “promoting stability” and “exercising effective risk management” at financial institutions.

Why was more not more accomplished?

The answer to this was given by the Western corporate elite’s most intelligent publication,

the Economist:

“... as urgency fades and the negotiators drown in complexity, national interest may gain at the expense of collective safety... international rules require enforcement, but nation-states demand sovereignty.”

These words echo the insight of Karl Marx 150 years ago, who pointed out that capitalism was an international system that contained a contraction due to the competing interests of each nation state. Although governments always claim to be acting impartially, real corporate interests are at stake — most notably the pursuit of profits — competing against the corporations of other nations, represented by their own “impartial” governments.

During times of economic crisis, these “national” interests become increasingly desperate and competitive, a reality all too present at the G-20 summit.

The same contradiction prevented the recent WTO talks from being successful, and as the world economy spirals downwards, it will have a similar effect on all multilateral discussions. Every country has an interest to push the effects of the crisis on to other, and use whatever methods available to push up domestic growth rates (the accumulated profits of each country’s mega-corporations).

The urge to expand profit was what helped deepen the current crisis, since US banks used all sorts of schemes and accounting tricks to gain leverage over their international competitors; a trick they learned from the Japanese banks prior to Japan’s recession of the 1990s — known as “the lost decade.”

The European countries at the G20 summit were hoping that the US would agree to specific regulations that would end these practices, which essentially give the US a trade advantage — in financial instruments such as packaged toxic mortgages— over the rest of the world. The vague response of the document, combined with Bush’s repeated preaching about the “free market,” put the issue at a stalemate.

Bretton Woods II ?

So why cannot the international community cooperate like they did at the original Bretton Woods conference?

In short, the world situation is far different. The Bretton Woods institutions were set up during WWII as soon as the Allies sensed they were going to win. But these “negotiations” were mostly dictated from the US, which was the only country not financially ruined or physically smoldering. As such, the Bretton Woods institutions — World Bank and IMF — strongly favored the US first, its European lackeys second, and the rest of the world last.

The world today has not one power, but many. France’s President Nicolas Sarkozy correctly pointed out, “America is still the number one power in the world...is it the only one? No, it isn’t.”

The “emerging economies” are demanding some real power, which the Bretton Woods institutions do not allow. Changing these structures are not in the interests of the US and European corporations. Although the G-20 document calls for more countries to play a bigger role in the IMF, the timetable for accomplishing this was not labeled as an

“immediate action,” but a “medium-term action,” meaning that it could be put off indefinitely. The US mega-corporations that ultimately make these decisions are unwilling to make concessions that will adversely affect their profit margins. Strained tensions internationally will thus be further stressed.

Under today’s conditions, a Bretton Woods type of agreement will not emerge from roundtable discussions, but from next round of wars, the winner of which will set the standard at Bretton Woods II.

In 90 days the G-20 will reconvene and Obama will replace Bush as the chief US negotiator; he will be representing the same corporate interests, ensuring that nothing fundamental is done about an economic crisis that affects more ordinary people every day.

A necessary conclusion must be drawn: the world capitalist system is in a crisis that the ruling class cannot fix. Likewise, nothing will be done to actually help working class people unless we demand and fight for it ourselves. But points of unity already exist among us: stopping further Wall Street bailouts, ending war, creating jobs, saving and expanding social programs, stopping foreclosures, extending unemployment benefits, and most important, bailing out working people by taxing the super rich! A broad coalition organized around these issues would be far more powerful than the handful of elites currently represented by the two party system.

Shamus Cooke is social service worker, trade unionist, and writer for Workers Action (www.workerscompass.org). He can be reached at shamuscook@yahoo.com

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