

1. [G20 summit](#)

## **G20 summit: Gordon Brown announces 'new world order'**

### **Gordon Brown announced the creation of a "new world order" after the conclusion of the G20 summit of world leaders in London.**

The Prime Minister claimed to have struck a "historic" deal to end the global recession as he unveiled plans to plough more than \$1 trillion into the world economy. "This is the day that the world came together to fight back against the global recession," he said. "Not with words but with a plan for global recovery and reform."

Barack Obama, the US President, hailed the deal as a "turning point" for the global economy which would put it on the path to recovery.

However, critics pointed out Mr Brown had been unable to secure agreement on a new co-ordinated fiscal stimulus package that he and Mr Obama had been urging. The Prime Minister has staked his political future on securing a deal at the summit.

Under the \$1.1 trillion (£750 billion) agreement, which followed several days of intense negotiation, struggling economies will be offered money provided to the International Monetary Fund (IMF) by wealthier nations.

The G20 leaders also agreed restrictions on bankers' pay, rules to target tax havens and hedge funds and a new financial early warning system to prevent a future economic meltdown.

"Today's decisions, of course, will not immediately solve the crisis. But we have begun the process by which it will be solved," Mr Brown said. "I think a new world order is emerging with the foundation of a new progressive era of international co-operation," Following the announcement of the deal at the ExCeL conference centre in London's Docklands, the FTSE share index closed up more than four per cent. Other stock markets around the world also rose sharply.

The conclusion of the summit also coincided with the release of figures that suggested the British economy could be starting to recover. House prices have risen and the Bank of England claims that lending to businesses has improved.

Mr Brown's delight at securing the agreement — which had been under threat from Nicolas Sarkozy, the French President, and Angela Merkel, the German Chancellor — was evident.

The success was echoed by Mr Obama. "By any measure the London summit was historic," he said. "It was historic because of the size and the scope of the challenges that we face and because of the timeliness and magnitude of our response."

Mr Sarkozy, who had threatened to walk out of the talks unless he got action on tax havens, said a "page has been turned" on the old financial model, the "Anglo-Saxon model".

One trillion dollars will be made available to the IMF and, in turn, to countries threatened by the downturn. However, Mr Brown made it clear that he did not intend to apply for funds for Britain, despite opponents warning that the country will soon need a bail-out due to the growing deficit in the public finances.

Mr Obama, who leaves Britain after a three-day visit on Friday morning, played an important part in brokering the deal, in particular French concerns over the deal on tax havens. A senior White House official said the President took Mr Sarkozy to a corner of the room for a chat. He then acted as a go-between with President Hu Jintao, of China until they both agreed to a solution put forward by Mr Obama.

As The Daily Telegraph disclosed on Thursday, a key part of the global rescue package included united action to curb excessive pay to bankers and traders.

Downing Street will be relieved that the summit has not proved a failure, despite Mr Brown not securing some of his earlier objectives, notably a second round of fiscal stimulus.

By Andrew Porter, Robert Winnett and Toby Harnden

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Saturday 04 April 2009 | [G20 summit feed](#) | [All feeds](#)

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**The G20 summit which took place in London on April 2 gathered the finance ministers and central bankers of 20 countries, including the seven major industrialised nations. The EU was represented by the Czech Republic, and the International Monetary Fund and World Bank also participated.**

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