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Statement on the proposed "Global Summit" to reform the international financial system

Background

The past few months have seen one of the most significant financial crises in North American and European history. The response was just as historic. To stave off regional and global recessions and restore stability and confidence in the market, northern governments are pursuing a massive and unprecedented program of government intervention, nationalizing banks, injecting massive subsidies into ailing institutions and re-regulating their financial sectors.

This response sits in direct contrast to the austere neoliberal policies pressed on developing countries by the World Bank, International Monetary Fund and developed countries for the past thirty years. Governments have been pushed to liberalize trade barriers, deregulate financial and labour markets, privatize national industries, abolish subsidies, and reduce social and economic spending. The state's role severely reduced.

This double standard is not only unacceptable, but it also signals the demise of free-market fundamentalism. The international financial system, its architecture and its institutions have been completely overwhelmed by the scale of the current financial and economic crisis. The financial system, its architecture and its institutions must be completely rethought.

A truly global response to a global crisis

In recent weeks, leaders worldwide have recognized the deficiencies of the existing system and the need to meet to address a broader set of proposals to reform the global financial system and its institutions. The G20 are now set to meet in Washington DC on November 15 to begin the discussions. It is of course imperative to agree on immediate measures to address the crisis, and we emphasize that priority must be given to responses to the impacts on ordinary employees and workers, low-income households, pensioners and other extremely vulnerable sectors. But we are deeply concerned that the proposed meetings will be carried out in a rushed and non-inclusive manner, and as a result, not address the comprehensive range of changes needed, nor fairly allocate their burden.

Though the crisis originated in northern countries, the impacts are likely to be greatest in developing countries. It is therefore critical that all countries have a say in the process to change the international financial architecture. No equitable and sustainable solutions to transforming the current system will come out of a conference that is rapidly-prepared and excludes many countries and civil society. Such efforts are in fact more likely to further undermine public trust and confidence and to further disenfranchise countries that are already opting for regional solutions over a stronger, more coherent and fairer

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New Principles and Rules To Build an Economic System that Works for People and the Planet

TO BE RELEASED ON NOV. 13, IN ADVANCE OF THE NOV. 15 G20 SUMMIT IN WASHINGTON, DC

The past few months have seen one of the most significant financial crises in history. In recent weeks, world leaders have recognized the need to reform the global financial system and its institutions. On November 15, members of the Group of 20 are set to meet in Washington to begin the discussions. We are deeply concerned that the proposed meetings will be carried out in a rushed and non-inclusive manner, and as a result, will not address the comprehensive range of changes needed, nor fairly allocate their burden.

Please endorse the new statement below addressing principles and rules to build an economic system that works for people and the planet. This statement draws from several recent statements developed by global civil society. If you have not already done so, you can also still sign on to the [statement about a better process](#) that has been circulated over the past two weeks.

Deadline for sign on for both statements is 11:59 pm on Wednesday, November 12 GMT.

Banking on Change: Towards an Economic System that Works for People and the Planet

On November 15, the leaders of 20 nations and the major multilateral financial institutions will gather behind closed doors in Washington to discuss the future of the global economy. Led by outgoing U.S. President George W. Bush, this group includes many of the people, governments, and institutions whose policies are responsible for the current financial meltdown. As such, we believe they are the wrong group to be charged with reworking global economic rules and institutions. The world needs a process that is much more inclusive of other nations and the peoples of those nations.

This statement sketches an agenda for change that would resolve the crisis by putting people and the planet first. It starts from the experiences of groups and communities around the world. It speaks to a financial meltdown triggered in the very heart of the globalized capitalist economy that has combined with the growing crises of climate chaos and hunger, and that now reaches into every corner of the planet. This new crisis of predatory and unregulated "casino capitalism" is destroying jobs, lives and livelihoods, while wreaking havoc on currencies and stock markets around the world. It has taken resources from the many, while concentrating wealth in the hands of the few.

To date, governments have largely responded by spending more than one trillion dollars bailing out private financial institutions and corporations. Meanwhile, the crushing needs of

international financial system.

Our demands –time for a fundamental rethink

We, the undersigned civil society organizations, support the fundamental and far-reaching transformation of the international financial and economic system. To serve this purpose, we support a major international conference convened by the UN to review the international financial and monetary architecture, its institutions and its governance, but only if the meeting follows a process that:

1. is inclusive and participatory of all governments of the world;
2. includes representatives from civil society, citizen's groups, social movements and other stakeholders;
3. has a clear timeline and process for regional consultations, particularly with those most affected by the crisis;
4. is comprehensive in scope, tackling the full array of issues and institutions;
5. is transparent, with proposals and draft outcome documents made publicly available and discussed well in advance of the meeting.

Full use should be made of the new UN task force on the global financial system, the upcoming UN Financing for Development meeting and other UN instances to begin preparing such a global meeting.

There are no quick fixes in the transition from the current system - which has fostered instability and inequity - towards a just, sustainable and accountable one, which yields benefits for the majority of the world's people.

[Press release](#)

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communities, ordinary citizens and fragile ecosystems have been largely ignored.

Now is the time to learn from this experience and from the consequences and devastating impacts of other recent crises, such as the debt crisis unleashed in 1982 and the financial crises in Mexico (1994-95), Asia (1997-98), Russia (1998), and Argentina (1999-2002). History continues to repeat itself. This pattern, culminating in the current global crisis, demonstrates quite definitively that a real transformation of the system is required.

New rules and institutions should be created in an open and inclusive process of dialogue. They should be based on a new set of principles to guide economic activity. We offer an overview of those principles and an outline of new rules and institutions.

1. We need a new set of principles to support new national, regional and global financial institutions:

The following principles should underpin new rules and institutions:

- Economic democracy and equity, including the development of local economies, and community control and protection of water, seeds, genes, air, communal lands, fisheries, and other "commons";
- ecological sustainability and environmental justice, including the promotion of long term, productive green investment;
- the fulfilment, protection, and promotion of all human rights, including the right to food, air, and water, and the rights of workers, small-hold food producers, rural and urban communities, indigenous peoples, women, children, and the elderly;
- gender, racial, ethnic and intergenerational justice and equality;
- self-determination and sovereignty of peoples and nations; and
- non-interference, mutual cooperation, complementarity and solidarity.

On the basis of such principles, finance should be aimed at and linked to strengthening national and local real economies to meet the requirement of sustainable and equitable development. And governments should support innovative new regional financial bodies such as the South Bank in South America, which has the potential to serve the needs of those regions more effectively than the IMF and World Bank. Regional emergency funds are also needed to help ensure the food and energy sovereignty of nations.

2. Enough with market fundamentalism: the world doesn't need another "Washington Consensus."

The so-called "Washington Consensus" that has preached deregulation, privatization, the over-leveraging of banks, and trade and capital liberalization over the past thirty years has been extremely damaging to workers, communities and the environment. It is discredited and should be officially abandoned. It should not be replaced with any new "one-size-fits-all" dogma.

Rich world leaders and institutions not only promoted the frenzy of deregulation and privatization in their own countries, but pushed it on developing countries through aid and loan conditionality. As they mobilize trillions of dollars to clean up the mess at home, they must do their fair share to redress the devastating impacts of their mistakes on the South. This

should include cancellation of all unsustainable and illegitimate debts claimed from countries of the South and restitution and restoration of the social and ecological debts owed to peoples of the South. These resources, together with the rapid and full disbursement of previously scheduled aid increases, should be provided free of macroeconomic and structural conditions. The right of all countries to define their own paths toward sustainable and healthy economies must be respected. The onerous conditions attached to existing aid, loan, and debt-reduction programs should be removed before they do further damage.

3. Curb the power of the IMF, World Bank, and WTO:

The present crisis has again demonstrated how we are all impacted by three powerful global institutions whose policies have been instrumental in its creation: the IMF, World Bank, and the WTO. Nonetheless, much of the current debate among financial institutions and governments involves giving them enhanced roles. The WTO, for example, continues to press for further deregulation and privatization of the financial sector, principally through its General Agreement on Trade in Services. For individual countries and the global community to adopt critical new regulations of the financial sector, not only should the WTO's current Doha Round be suspended, but also existing WTO rules constraining regulation of financial services should be rolled back. Likewise, efforts by the IMF and World Bank to expand their influence as a result of the financial, climate, energy and food crises should be rejected. Furthermore, global, regional and national economic governance institutions must be democratic and accountable to the women and men they are supposed to serve.

4. Regulate the global economy effectively: Governments should take immediate action to develop a new international regulatory architecture with democratic checks and balances that is aimed at promoting the interests of workers, small-hold farmers, consumers, and the environment and preventing future financial crises; the United Nations should play a central role in its development. This should cover not just banks but also the parallel and under-regulated financial system, including hedge funds and private equity funds. Some first steps should include regulating derivatives, stopping speculation on staple food commodities, applying stricter international capital reserve requirements, a speculation tax on international transactions, closing tax havens, and stronger transparency rules. Governments will also need to renegotiate the dozens of free trade agreements and bilateral investment treaties that currently ban governments from placing controls on capital flows and applying other sensible conditions to foreign investment and other financial transactions.

Such steps are possible and many more will be needed to build a truly just global economic system that works for people everywhere, local communities, and the environment. This is the change that the world needs and for which we will continue to struggle.

Signed: list organizations