

Statement

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

Tuesday 11 November 2008, by [Collective / Multiple signers](#) (Date first published: 11 November 2008).

**Dear Friends,**

**Please endorse the new statement below addressing principles and rules to build an economic system that works for people and the planet. This statement supplements two other recent global appeals:**

- The “Statement on the Proposed Global Summit” that critiques the process by which governments are coming together on November 15; and**
- The “Call to Global Action” for a day of coordinated actions around the world on November 15.**

**Please sign on to the following statement by going to:**

**<http://www.choike.org/bw2>.**

**Deadline for sign on to this statement s 11:59 pm on Wednesday, November 12 GMT.**

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 begins to sketch 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 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 promoting long term, productive green investment;
- \* the fulfillment, 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.

SIGNATORIES:

Jubilee South

JS APMDD

Jubilee USA Network

Halifax Initiative, Canada

Action Aid International

Global Economy Project, IPS

Jubilee USA

Social Watch International

and many others

See the list of signatories:

<http://www.choike.org/bw2>

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***These background documents include:***

- Call for Global Action Against Debt and IFIs, October 12-19, 2008:

[For food sovereignty – For economic and climate justice: Cancel debt now! End IFI conditionalities! Pay the ecological debt to the South!](#)

- ATTAC's statement on the financial crisis and democratic alternatives

[The time has come: Let's shut down the financial casino](#)

— Responses from the South to the World Economic Crisis (Caracas Statement)

[Final Declaration of the International Political Economy Conference: Responses from the South to the global economic crisis](#)

— Social Movement on Debt in South America, Letter to South American Presidents

[The Debt: Latin American and Caribbean social movements and organizations demand immediate actions](#)

— The global economic crisis: An historic opportunity for transformation (Beijing Declaration)

[The global economic crisis: An historic opportunity for transformation](#)

— 1999 Joint Statement by IFG, IPS, TWN and FOE on Global Financial Reform

[http://ifg.org/pdf/Citizens\\_Agenda\\_...](http://ifg.org/pdf/Citizens_Agenda_...)

— International Trade Union Confederation, Statement by Global Unions to the 2008 Annual Meetings of the World Bank and International Monetary Fund

[http://www.ituc-csi.org/IMG/pdf/No\\_...](http://www.ituc-csi.org/IMG/pdf/No_...)

— Trade Union Statement to "G20 Crisis Summit," The Global Unions "Washington Declaration", November 2008.

— South Centre, "South Centre calls for Revamping the Global Financial Architecture," October 29, 2008.