

What should happen by the end of 2018 in the financial sector

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At the end of 2017, various NGOs are already preparing to “remember” the 10th anniversary of the fall of the large speculative investment bank Lehman Brothers on 15 September 2008, after which the EU fully entered into the financial crisis and the resulting economic, social and Euro crisis. So rather than look backwards, what should happen by the end of 2018?

The One Planet Summit of French President Macron on 12 December 2017 inspired so many heads of banks and insurance companies, as well as many other investors and speculators, that they saw it as their duty to require their clients and investees to adhere to environmental, social and governance (ESG) requirements to halt climate change and environmental degradation and ensure that no human rights and labour rights are breached. This would mean hard negotiations with, or even divestments from, unwilling companies, as well as lots of money spent on investigating the impact of their loans and investments, coupled with the financing of smaller and innovative sustainable projects and firms. The EU Sustainable Finance Action Plan (in March 2018) would put these requirements into stringent regulations that no entities could evade. The ‘tragedy of the horizons’ would disappear and a ‘forward-looking scenario’ would be adapted to a less than 1.5 C global average temperature rise scenario.

However, citizens and social movements from all over Europe echoed worldwide and at the G20, would have been heard debating, advocating and campaigning that such reforms are not enough. They would like to see finance serve all the needs of sustainable societies and do not want the economy to be subject to threats of financial instability and crisis. As a result, the financial system would be reformed so that it would be more democratically controlled, not only by parliamentarians but also by bank clients, individual investors and pension fund participants, along with new participative fintech mechanisms. As a first step, the troika (EC, IMF and ECB) would have been declared the most undemocratic organisation of the EU and disbanded. Without German Minister Schauble, the Greek government would finally receive debt relief (and some debt rescheduling), and the original lenders and providers of irresponsible debt and financial products would get fined. Brexit negotiations would result in subjecting the UK financial sector and its connections with tax havens to strict regulations and capital flow control before it could continue to operate in the EU. In parallel, any connections between the financial sector and tax havens would be forbidden.

A total reform of the financial system, including proposals and ideas from citizens, social groups, trade unions, academia and politicians committed to democratically controlling the financial system, tackling inequality and highlighting sustainability as its core purpose, would have been on the table and included in (social) media, public and political debates since 15 September 2018. This would be exemplified in the artistic world and by financial start-ups. At the end of 2018, such reforms would be included in the electoral programme of all political parties for the May 2019 European Parliament elections, as citizens would have already been pressing for this change and taking action. Already by end of 2018, speculation would be dramatically decreasing, the financial sector would not make

overabundant profits and would actually shrink while more decent jobs would have been created due to a sustainable economy. The EU would be looking forward to a brighter future.

Many of these issues are covered in this newsletter. Enjoy reading it for a happy start to the New Year!

Myriam Vander Stichele

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