The global economic crisis: An historic opportunity for transformation

An initial response from individuals, social movements and non-governmental Organisations in support of a transitional programme for radical economic transformation

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Preamble

Taking advantage of the opportunity of so many people from movements gathering in Beijing during the Asia-Europe People’s Forum, the Transnational Institute and Focus on the Global South convened informal nightly meetings between 13 and 15 October 2008. We took stock of the meaning of the unfolding global economic crisis and the opportunity it presents for us to put into the public domain some of the inspiring and feasible alternatives many of us have been working on for decades. This statement represents the collective outcome of our Beijing nights. We, the initial signatories, mean this to be a contribution towards efforts to formulate proposals around which our movements can organise as the basis for a radically different kind of political and economic order. Please sign on to this statement at http://www.casinocrash.org.

The Crisis

The global financial system is unravelling at great speed. This is happening in the midst of a multiplicity of crises in relation to food, climate and energy. It severely weakens the power of the US and the EU, and the global institutions they dominate, particularly the International Monetary Fund, the World Bank and the World Trade Organisation. Not only is the legitimacy of the neo-liberal paradigm in question, but the very future of capitalism itself.

Such is the chaos in the global financial system that Northern governments have resorted to measures progressive movements have advocated for years, such as nationalisation of banks. These moves are intended, however, as short-term stabilisation measures and once the storm clears, they are likely to return the banks to the private sector. We have a short window of opportunity to mobilise so that they are not.

The challenge and the opportunity

We are entering uncharted terrain with this conjuncture of profound crises - the fall out from the financial crisis will be severe. People are being thrown into a deep sense of insecurity; misery and hardship will increase for many poorer people everywhere. We should not cede this moment to fascist, right wing populist, xenophobic groups, who will surely try to take advantage of people’s fear and anger for reactionary ends.

Powerful movements against neo-liberalism have been built over many decades. This will grow as critical coverage of the crisis enlightens more people, who are already angry at public funds being diverted to pay for problems they are not responsible for creating, and already concerned about the ecological crisis and rising prices – especially of food and energy. The movements will grow further as recession starts to bite and economies start sinking into depression.

There is a new openness to alternatives. To capture people’s attention and support, they must be practical
and immediately feasible. We have convincing alternatives that are already underway, and we have many other good ideas attempted in the past, but defeated. Our alternatives put the well-being of people and the planet at their centre. For this, democratic control over financial and economic institutions are required. This is the “red thread” connecting up the proposals presented below.

**Proposals for debate, elaboration and action**

**Finance**

- Introduce full-scale socialisation of banks, not just nationalisation of bad assets.
- Create people-based banking institutions and strengthen existing popular forms of lending based on mutuality and solidarity.
- Institutionalise full transparency within the financial system through the opening of the books to the public, to be facilitated by citizen and worker organisations.
- Introduce parliamentary and citizens’ oversight of the existing banking system.
- Apply social (including conditions of labour) and environmental criteria to all lending, including for business purposes.
- Prioritise lending, at minimum rates of interest, to meet social and environmental needs and to expand the already growing social economy.
- Overhaul central banks in line with democratically determined social, environmental and expansionary (to counter the recession) objectives, and make them publicly accountable institutions.
- Safeguard migrant remittances to their families and introduce legislation to restrict charges and taxes on transfers.

**Taxation**

- Close all tax havens.
- End tax breaks for fossil fuel and nuclear energy companies.
- Apply stringent progressive tax systems.
- Introduce a global taxation system to prevent transfer pricing and tax evasion.
- Introduce a levy on nationalised bank profits with which to establish citizen investment funds (see below).
- Impose stringent progressive carbon taxes on those with the biggest carbon footprints.
- Adopt controls, such as Tobin taxes, on the movements of speculative capital.
- Re-introduce tariffs and duties on imports of luxury goods and other goods already produced locally as a means of increasing the state’s fiscal base, as well as a means to support local production and thereby reduce carbon emissions globally.

**Public Spending and Investment**

- Radically reduce military spending.
- Redirect government spending from bailing out bankers to guaranteeing basic incomes and social security, and providing universally accessible basic social services such as housing, water, electricity,
health, education, child care, and access to the internet and other public communications facilities.

• Use citizen funds (see above) to support very poor communities.

• Ensure that people at risk of losing their homes due to defaults on mortgages caused by the crisis are offered renegotiated terms of payment.

• Stop privatisations of public services.

• Establish public enterprises under the control of parliaments, local communities and/or workers to increase employment.

• Improve the performance of public enterprises through democratizing management - encourage public service managers, staff, unions and consumer organisations to collaborate to this end.

• Introduce participatory budgeting over public finances at all feasible levels.

• Invest massively in improved energy efficiency, low carbon emitting public transport, renewable energy and environmental repair.

• Control or subsidise the prices of basic commodities.

**International Trade and Finance**

• Introduce a permanent global ban on short-selling of stock and shares.

• Ban on trade in derivatives.

• Ban all speculation on staple food commodities.

• Cancel the debt of all developing countries – debt is mounting as the crisis causes the value of Southern currencies to fall.

• Support the United Nations call to be involved in discussions about how the to resolve the crisis, which is going to have a much bigger impact on Southern economies than is currently being acknowledged.

• Phase out the World Bank, International Monetary Fund, and World Trade Organisation.

• Phase out the US dollar as the international reserve currency.

• Establish a people’s inquiry into the mechanisms necessary for a just international monetary system.

• Ensure aid transfers do not fall as a result of the crisis.

• Abolish tied aid.

• Abolish neo-liberal aid conditionalities.

• Phase out the paradigm of export-led development, and refocus sustainable development on production for the local and regional market.

• Introduce incentives for products produced for sale closest to the local market.

• Cancel all negotiations for bilateral free trade and economic partnership agreements.

• Promote regional economic co-operation arrangements, such as UNASUR, the Bolivarian Alternative for the Americas (ALBA), the Trade Treaty of the Peoples and others, that encourage genuine development and an end to poverty.
Environment

- Introduce a global system of compensation for countries which do not exploit fossil fuel reserves in the global interests of limiting effects on the climate, such as Ecuador has proposed.

- Pay reparations to Southern countries for the ecological destruction wrought by the North to assist peoples of the South to deal with climate change and other environmental crises.

- Strictly implement the “precautionary principle” of the UN Declaration on the Right to Development as a condition for all developmental and environmental projects.

- End lending for projects under the Kyoto Protocol’s “Clean Development Mechanism” that are environmentally destructive, such as monoculture plantations of eucalyptus, soya and palm oil.

- Stop the development of carbon trading and other environmentally counter-productive techno-fixes, such as carbon capture and sequestration, agrofuels, nuclear power and ‘clean coal’ technology.

- Adopt strategies to radically reduce consumption in the rich countries, while promoting sustainable development in poorer countries.

- Introduce democratic management of all international funding mechanisms for climate change mitigation, with strong participation from Southern countries and civil society.

Agriculture and Industry

- Phase out the pernicious paradigm of industry-led development, where the rural sector is squeezed to provide the resources necessary to support industrialisation and urbanisation.

- Promote agricultural strategies aimed at achieving food security, food sovereignty and sustainable farming.

- Promote land reforms and other measures which support small holder agriculture and sustain peasant and indigenous communities.

- Stop the spread of socially and environmentally destructive mono-cultural enterprises.

- Stop labour law reforms aimed at extending hours of work and making it easier for employers to fire or retrench workers.

- Secure jobs through outlawing precarious low paid work.

- Guarantee equal pay for equal work for women – as a basic principle and to help counter the coming recession by increasing workers’ capacity to consume.

- Protect the rights of migrant workers in the event of job losses, ensuring their safe return to and reintegration into their home countries. For those who cannot return, there should be no forced return, their security should be guaranteed, and they should be provided with employment or a basic minimum income.

Conclusion

These are all practical, common sense proposals. Some are initiatives already underway and demonstrably feasible. Their successes need to be publicised and popularised so as to inspire reproduction. Others are unlikely to be implemented on their objective merits alone. Political will is required. By implication, therefore, every proposal is a call to action.

We have written what we see as a living document to be developed and enriched by us all. Please sign on
to this statement at http://www.casinocrash.org.

A future occasion to come together to work on the actions needed to make these ideas and others a reality will be the World Social Forum in Belem, Brazil at the end of January 2009.

We have the experience and the ideas - let’s meet the challenge of the present ruling disorder and keep the momentum towards an alternative rolling!!

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Pambansang Katipunan ng Makabayan Magbubukid-PKMM (National Federation of Patriotic Peasant), Phillipines

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The Freedom from Debt Coalition-Iloilo, Philippines
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Movimiento Unido Socialista Haitiano por el ALBA (MOUSHA), Venezuela
IPIAT (Instituto para la Investigación de la Agricultura Tropical), Venezuela
ECOPEACE Party South Africa
Jubilee Kansai Network, Japan
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European Social Forum Activists News Agency.
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Attac France
Anti Debt Coalition (KAU), Indonesia

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Justice and Peace Commision, Mexico

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Grasroots Policy Project, US

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