

## European Conference Addresses Financial Crisis and the IFIs



## **The Voksenaasen Statement on a Necessary Response to the Global Financial and Economic Crisis Oslo, June 2009**

As participants at the Voksenaasen conference, "Taking Stock of the Responses to the Current Financial Crisis", on 11 May 2009,

And in order to provide a framework for action by policymakers, peace and justice activists, and other interested parties

In which instruments of economic policy and activity can be utilized effectively to create more sound, just and sustainable economies,

While drawing on the progressive positions taken by the Government of Norway in the United Nations and the development cooperation field

And affirming the fundamentals of sound financing for people-centred development,

**We observe the following:**

The current crisis is a product of deliberate policies of economic liberalization and adjustment that have spectacularly enriched a few at the expense of the many around the globe;

In particular, the deregulation of financial-sector activity has unleashed unbridled speculation and allowed finance to become an end in itself instead of serving and strengthening the real economy;

The near, and still impending, collapse of the global financial system, dominated by self-serving financial theory and practice, has had profound and far-reaching ramifications;

The greed, speculation, corruption and destructive impact embedded in these financial-sector activities have had crossover effects that have deepened other crises of food security, the environment, energy and democracy, etc., exacerbated in the first instance by decades of structural adjustment programs imposed by the international financial institutions, which have applied double standards when addressing problems in the North and the South;

The financial crisis originated in the failed leadership and institutions, private and official, of the liberalized economies of the North and spread hardship across the countries of the South as a result of these imposed policies and programs;

Sadly, but perhaps not surprisingly, there has been little learning by the international financial institutions as to how their policies have contributed to the crises;

There is a need to be both critical and self-critical in the South, as well as in the North, to the extent that accommodation and compromise with the forces of economic domination and exploitation facilitated the deterioration of economic conditions for the great majority and increased economic vulnerability;

The people and nations of the South have the right to the financial means and instruments necessary, at the national and global levels, to chart a less risky and more independent, productive, equitable, sustainable and self-reliant economic course;

This global crisis, in all its dimensions, has generated not only grave threats to the lives and livelihoods of millions of people all over the world, but also new challenges and opportunities;

There is a widespread desire and commitment in civil society throughout the world to use these opportunities to mobilize and build people-centred financial and economic structures globally and, in particular, in the developing world.

**We therefore hold that:**

The countries of the South must be given room to pursue financial goals and policies necessary to build their own sustainable economies with industries, agriculture and social services vital to sound economic life;

A focus on local production for local means serves to strengthen local and regional economic life and reduce transport waste and emissions threatening the environment;

Small and medium-sized farms and enterprises, including infant industries, in emerging and vulnerable economies should be given the necessary protection and space to grow and become constructive and sustainable entities in local, regional and global economies, as did today's more advanced economies;

The right to food and food-supporting agrarian policies must not be threatened by the pursuit of bio-energy or other so-called environmentally friendly energy programs;

At the same time, the environment must be protected so that it can continue to support mankind in a sustainable and just way;

Thus, when addressing the financial crisis one must take care not to exacerbate other problems or vulnerabilities or return to a destructive growth paradigm of a consumer society;

In order to make this transformation, finance – both its institutions and its instruments -- must be reinstated as a servant of sustainable economic production and people-centred development and denied unbridled pursuit of speculative ends both inside and outside the sector;

This, in turn, requires structural change both in the sector and the wider economy through the dismantling of financial institutions deemed too-big-to-fail, the elimination of those derivatives and other “innovative” instruments that have generated risky behaviour and profits and growth for a limited few, ensuring that regulatory agencies at both the national and global levels are purely public and accountable; diminishing volatile speculation in the commodities markets, and eliminating the power of the international financial institutions and other Northern-controlled institutions to impose economic adjustment and other such policies on the countries and people of the South;

Opaque and undemocratic actions and structures, like tax havens and tax-avoidance practices, so destructive to the building of sound democracies and sustainable and equitable economies must also be eliminated as part of the establishment of more people-centred economic programmes; New loan burdens and heavy structural impositions cannot be added during the transition to the already burdened least developed countries as part of rescue packages and support programmes;

As part of this process, the major financial actors and monitoring agencies operating during the build-up to the current crisis must be asked to evaluate, acknowledge and respond to their role in the crisis, held accountable for their policies and actions, and stripped of their power to make and impose policy that is directly or indirectly injurious to the countries of the South.