



WORLDCONNECTORS THE ROUND TABLE FOR PEOPLE AND THE PLANET

**Draft Worldconnectors Quick Scan
Financial Crisis and Development**

9 November 2009

This Quick Scan contains background information for the Worldconnectors theme of 'Financial Systems'. It should be used as a reference and broader framework in which future issues discussed in the Working Group on Financial Systems are clarified.

Particularly sub-chapter 4. and 6. will be relevant in relation to the Draft Discussion document which will be discussed at the Round Table of 23th November 2009. In this document the members of the Working Group on Financial Systems propagate a new economic paradigm of sustainability and equity. It specifically addresses how the current crisis should be seen as an opportunity to embrace a new economic system based on values of economic, social, and environmental sustainability and global ethics.

Members of the WG on Financial Systems:

Worldconnectors:

Herman Wijffels (chair WG), Ruud Lubbers, Herman Mulder, Nanno Kleiterp, Karien van Gennep, Leontien Peeters, Sayida Vanenburg, Zita Schellekens, Carin ten Hage, Tineke Lambooy and Adrian de Groot Ruiz.

Members of the Supportteam:

Iem Roos (SID), Koen Kusters (DPRN), Alide Roerink (NCDO), Gabi Spitz (NCDO) and Roeland Muskens (WiW)

Status: First draft

Author: Research and text by WiW – Global Research and Reporting – Evert-Jan Quak and Roeland Muskens

Content:

INTRODUCTION

1. THE HISTORY OF THE INTERNATIONAL MONETARY SYSTEM
2. THE FINANCIAL CRISIS: CAUSES AND IMPLICATIONS BY REGION
3. CRISIS RESPONSE AND INTERVENTIONS
4. THE CRISIS' IMPACT ON POVERTY, GENDER AND CLIMATE CHANGE

5. FINANCIAL CRISIS AND THE DOHA TRADE NEGOTIATIONS

6. THE NEED FOR AN ALTERNATIVE FINANCIAL SYSTEM

SELECTION OF LITERATURE

NOTES

INTRODUCTION

The world is facing an economic downturn comparable to the 'great depression' of the 1930s of the previous century. Although some commentators point to a boost in business confidence, growing export orders, and growing GDP suggesting that the worst is over, it is clear that many countries, companies and communities are still facing growing hardship as a result of the Financial Crisis. Estimates from the World Bank for 2009 indicate that lower economic growth rates will trap 46 million more people on less than \$1.25 a day than was expected prior to the crisis. An extra 53 million will stay trapped on less than \$2 a day. This is on top of the 130-155 million people that were pushed into poverty in 2008 because of soaring food and fuel prices.¹ According to the International Labour Organization (ILO), some 200 million workers, mostly in developing economies, will be pushed into poverty if rapid action is not taken to counter the impact of the crisis.² A majority of those affected are women. The current financial crisis, which began in the United States, then spread to Europe, has now become global. The crisis itself stems, mainly, from poorly regulated financial markets in rich countries, which allowed risky and complex financial products to develop, skewing financial flows and creating unsustainable global imbalances. With world trade plummeting and industrial production falling drastically, the economic crisis has affected developing countries through declining trade, private financial flows and remittances.

The World Bank estimates that developing countries need between \$352 and \$635 billion in 2009 to maintain core spending and restore growth.³ Stepping up to address the unfolding food and climate crises will require even more resources. The G20 London Summit in April 2009 promised \$250 billion to boost trade, of which \$50 billion was for the poorest countries.⁴ In September 2009 in Pittsburgh G20 leaders noted "with concern the adverse impact of the global crisis on low income countries' capacity to protect critical core spending in areas such as health, education, safety nets, and infrastructure (...) we share a collective responsibility to mitigate the social impact of the crisis (...) as we increase the flow of capital to developing countries, we also need to prevent its illicit outflow."⁵ The G20, however, failed to make specific commitments on additional financial support for low-income countries.

The question remains what kind of financial system will be created when the crisis is really over. The first option is business as usual, preferred by Wall Street (New York) and the City (London). Bonuses are back as investment banks return to make huge profits. From this side there is a strong lobby against radical changes of the financial system.⁶

The second option could be business as usual plus extras. This perspective recognises that there has been a systematic problem in the financial sector but sees the answer as tighter supervision, better surveillance of the global economy from the International Monetary Fund, changes to capital adequacy rules to ensure that banks can not lend as freely during booms, and new incentives for financiers that favour long-term growth of the business over short-

term speculative activity. This is the preferred option of most of the world leaders gathered in the G20.

The third option is more radical. A recent report by the United Nations Conference on Trade and Development (UNCTAD) urged a rethink of the “conventional wisdom that dismantling all obstacles to cross-border private capital flows is the best recipe for countries to advance their economic development.”⁷ Those who support a green new deal – expansionary monetary and fiscal policies designed to boost renewable energy and support firms developing environmental technologies – say that quantitative easing should have been used to support sustainable, productive investment rather than to re-inflate asset prices.

This crisis is not only about the financial industry. The root causes of the financial crisis are imbalances in the global economy. In the years leading up to the start of the crisis in 2007, significant amounts of foreign money flowed into the U.S. from fast-growing economies in Asia and oil-producing countries. This money contributed to growing consumption in the U.S. despite increasing deficit. Some people hope that the burst of this bubble will lead to new impetus for a fairer and more sustainable financial system, and – along the same reasoning – a new green deal.⁸

1. THE HISTORY OF THE INTERNATIONAL MONETARY SYSTEM

1.1 THE INTERNATIONAL GOLD STANDARD

Gold standards replaced the use of gold coins as currency in the 17th-19th centuries in Europe. In theory, the gold standard limits the power of governments to inflate prices through excessive issuance of paper currency. It reduces uncertainty in international trade, especially in times of war, by providing a fixed pattern of international exchange rates. But governments faced with the need to fund high levels of expenditure, but with limited sources of tax revenue, suspended convertibility of currency into gold on a number of occasions in the 19th and early 20th century.

Economists like John Maynard Keynes believed that economic recessions could be mitigated by increasing the money supply; something that was not possible with the gold standard. Such reason is often employed to partially blame the gold standard for the Great Depression; the Federal Reserve couldn't expand credit enough to offset deflation.

1.2 THE BRETTON WOODS SYSTEM

During the Second World War plans were being prepared in the United Kingdom and the U.S. for the post-war economy. These plans were heavily influenced by the experience of the 1930s. During that decade, in an attempt to maintain employment levels, countries had engaged in trade protection and in competitive devaluation.

The main monetary institutions created at Bretton Woods in 1944 were the International Bank for Reconstruction and Development (IBRD), now the World Bank, and the International Monetary Fund (IMF). The IMF main task was to stabilise the exchange rate and making available resources for member states. The IMF set out to use its resources to grant loans to member countries with financial difficulties. IMF loans were not comparable to loans issued by conventional credit institutions. Instead, they were effectively a chance to purchase a foreign currency with gold or the member's national currency.

To tackle unstable exchange rates, many countries fixed their exchange rates relative to the U.S. dollar. The U.S. promised to fix the price of gold at \$35 per ounce. Implicitly, then, all currencies pegged to the dollar also had a fixed value in terms of gold. The Bretton Woods system was the first example of a fully negotiated monetary order intended to govern monetary relations among independent nation-states.

Triffin's Dilemma

In 1960 Belgium economist Robert Triffin noticed that holding dollars was more valuable than gold because constant U.S. balance of payments deficits helped to keep the system liquid and fuel economic growth. The Triffin's Dilemma noted that if the U.S. failed to keep running deficits, the system would lose its liquidity, not be able to keep up with the world's economic growth, and thus bring the system to a halt. But incurring such payment deficits also meant that, over time, the deficits would erode confidence in the dollar as the reserve currency created instability.

In the 1960s and 70s, important structural changes eventually led to the breakdown of the international monetary system. The stage was set for monetary interdependence by the return to convertibility of the Western European currencies at the end of 1958 and of the Japanese Yen in 1964.

Another aspect was the internationalization of banking. Multinational banks can make huge international transfers of capital not only for investment purposes but also for hedging and speculating against exchange rate fluctuations. During the Bretton Woods era official exchange rates often became unrealistic in market terms, providing a virtually risk-free temptation for speculators. They could move from a weak to a strong currency hoping to reap profits when a revaluation occurred. If, however, monetary authorities managed to avoid revaluation, they could return to other currencies with no loss. The combination of risk-free speculation with the availability of huge sums was highly destabilizing.

Another change was that the U.S. was no longer the dominant economic power it had been for more than two decades. By the mid-1960s, the EEC and Japan had become international economic powers in their own right. The shift toward a more pluralistic distribution of economic power led to increasing dissatisfaction with the privileged role of the U.S. dollar as the international currency. The world's central banker, the U.S., through its deficit, determined the level of international liquidity. As long as other countries were willing to hold dollars, the U.S. could carry out massive foreign expenditures for political purposes - military activities and foreign aid - without the threat of balance-of-payments constraints.

To pay for the Vietnam War, President Richard Nixon eliminated the fixed gold price in 1971, causing the system to break down. This resulted in gold becoming a floating asset. In February 1973 the Bretton Woods currency exchange markets closed, after a last-gasp devaluation of the dollar to \$44/ounce, and reopened in March in a floating currency regime. By March 1976, all the major currencies were floating - in other words, exchange rates were no longer the principal method used by governments to administer monetary policy.

1.3 POST BRETTON WOODS ERA

Milton Friedman and other free market economists were euphoric about the prospect of a floating system. The main reason for this euphoria was that only with flexibility the benefits of international capital mobility could be reaped without sacrificing the freedom of pursuing domestic stabilization goals. The theory of free markets gradually conquered the world. But until now there is no consensus about the superiority of any one system, and experiments with different exchange rate systems abound. Most of the countries of the EU introduced the Euro as a single currency. Other countries like Argentina (until 2001) were experimenting with a fixed rate system (1 peso – 1 US dollar). While some advocate a return to the Bretton Woods system of fixed exchange rates, others continue to support a floating system.

	Advantages	Disadvantages
Fixed Exchange Rate	- Reduced risk in international trade	- No automatic balance of payments adjustment. If

	<ul style="list-style-type: none"> - Introduces discipline in economic government - It should eliminate destabilising speculation 	<p>there is a deficit the currency cannot fall to bolster competitiveness</p> <ul style="list-style-type: none"> - Large holdings of foreign exchange reserves required - Different rates of inflation between member states make uncompetitive countries vulnerable for speculation on a ultimate devaluation of a currency
Floating Exchange Rate	<ul style="list-style-type: none"> - Automatic balance of payments adjustment - Freeing internal policy - More flexibility to cope with changes - Lower foreign exchange reserves 	<ul style="list-style-type: none"> - Uncertainty because a currency change in value from day to day - Uncertainty can lead to a lack of investments - Speculation is inherent part of the system - It can be inflationary

In such an environment the banking sector expanded worldwide. Several factors have driven the internationalization of finance. The main ones are:⁹

- The cheapening of international financial transactions by computer technology;
- Financial deregulation, i.e. the lifting of controls on foreign exchange transactions;
- The spread of markets in financial instruments to increasing numbers of countries;
- The development of a strong desire for international diversification on the part of portfolio-holders with the objective of reducing portfolio risk;
- The increased supply of financial instruments in the form of governmental debt, and the creation of many new types of financial instruments – particularly derivative financial instruments;
- The trend that started during the 1980s to financing through marketable securities rather than through own-funds;
- The easing of controls in the financial sector on the establishment of foreign branches.

A weakness inherent in the internationalization of finance is that there is no lender of last resort dedicated to maintaining the stability of the international financial system. There are only central banks that are responsible for their own national financial systems. But financial stability at the national level is not necessarily separable from that at the international level; the internationalization of finance has made it less so.

2. THE FINANCIAL CRISIS: CAUSES AND IMPLICATIONS BY REGION

Like in the 1960s, the current international system is based on a core region with a dominant international currency, and a periphery. The periphery is committed to export-led growth based on the maintenance of an undervalued exchange rate. In the 1960s, the core was the United States and the periphery was Europe and Japan. The new periphery is Asia, the core remains the United States. The US economy could continue to grow as the balance of payments got worse, backed by the savings of export economies in Asia, especially China, and the Middle East, especially Saudi Arabia. Economic growth was based more and more on speculation and not on real economic performances. Sooner or later, this bubble had to burst.

2.1 CAUSES OF THE CRISIS

- Longstanding global imbalances

In the years leading up to the start of the crisis in 2007, significant amounts of foreign money flowed into the United States from fast-growing economies in Asia and oil-producing countries. This inflow of funds made it easier for the Federal Reserve to keep interest rates in the U.S. low from 2002–2006, which contributed to easy credit conditions. Loans of various types (e.g., mortgage, credit card, and auto) were easy to obtain and consumers assumed an unprecedented debt load.

- Housing bubble

The immediate cause or trigger of the crisis was the bursting of the United States housing bubble, which peaked in approximately 2005–2006. An increase in loan incentives had encouraged borrowers to assume difficult mortgages in the belief they would be able to quickly refinance at favourable terms. However, once interest rates began to rise and housing prices started to drop in 2006–2007 in many parts of the U.S., refinancing became more difficult. Defaults and foreclosure activity increased dramatically as easy initial terms expired, home prices failed to go up as anticipated, and interest rates reset higher.

- Increasing importance of investment banks and hedge funds

A 'shadow' banking system of investment banks and hedge funds have become as important as conventional banks in providing credit to the U.S. economy, but they were not subject to the same regulations. These institutions assumed significant debt burdens without a financial cushion sufficient to absorb large loan defaults. These losses impacted the ability of financial institutions to lend, slowing economic activity.

Paul Krugman:

"As the shadow banking system expanded to rival or even surpass conventional banking in importance, politicians and government officials should have realised that they were re-creating the kind of financial vulnerability that made the Great Depression possible—and they should have responded by extending regulations and the financial safety net to cover these new institutions. Influential figures should have proclaimed a simple rule: anything that does what a bank does, anything that has to be rescued in crises the way banks are, should be regulated like a bank."¹⁰

- Financial innovations and complexity

The usage of new financial products expanded dramatically in the years leading up to the crisis. Examples are: the adjustable-rate mortgage; the bundling of subprime mortgages into mortgage-backed securities (MBS) or collateralized debt obligations (CDO) for sale to investors, a type of securitization; and a form of credit insurance called credit default swaps (CDS). Most of them have the aim to reduce a particular risk exposure (such as the default of a borrower). These products vary in complexity and the ease with which they can be valued on the books of financial institutions. Certain financial innovation may also have the effect of circumventing regulations.

The volume of credit default swaps outstanding increased 100-fold from 1998 to 2008, with estimates of the debt covered by CDS contracts, as of November 2008, ranging from US\$33 to \$47 trillion.¹¹

- Deregulation

The regulatory framework did not keep pace with financial innovation. In other cases, laws were changed or enforcement weakened in parts of the financial system because the idea was the market could regulate itself better.

1. In October 1982, President Reagan signed the Garn-St. Germain Depository Institutions Act, which began the process of banking deregulation.
2. In November 1999, President Clinton signed the Gramm-Leach-Bliley Act, reducing the separation between commercial banks (which traditionally had a conservative culture) and investment banks (which had a more risk-taking culture).
3. As early as 1997, Fed Chairman Alan Greenspan fought to keep the derivatives market unregulated. The US government allowed the self-regulation of the derivatives market when they enacted the Commodity Futures Modernization Act of 2000.
4. Regulators and accounting standard-setters allowed depository banks such as Citigroup to move significant amounts of assets and liabilities off-balance sheet into complex legal entities called structured investment vehicles, masking the weakness of the capital base of the firm.
5. In 2004, the Securities and Exchange Commission (SEC) relaxed the net capital rule, which enabled investment banks to substantially increase the level of debt they were taking on, fuelling the growth in mortgage-backed securities supporting sub-prime mortgages.
6. On the international level, the GATS-negotiations under the WTO (Annex on Financial Services), lead several countries to liberalise their financial markets, as national policies to regulate these markers are not allowed to contradict WTO-agreements.

- Bonus culture

The British Treasury Select Committee's report on bank pay highlighted practices such as cash bonuses made immediately regardless of the long-term impact of a deal or transaction. This bonus culture encouraged risk-taking at the expense of the long-term health of the banks themselves.¹² According to two American economists, since 1980 and the creation of the shadow banking system, banker pay has risen by 80% compared with the average wage.¹³

Basel II

Basel II is the second of the Basel Accords, which are recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision. The purpose of Basel II, which was initially published in June 2004, is to create an international standard that banking regulators can use when creating regulations about how much capital banks need to put aside to guard against the types of financial and operational risks banks face. Advocates of Basel II believe that such an international standard can help protect the international financial system from the types of problems that might arise should a major bank or a series of banks collapse. In practice, Basel II attempts to accomplish this by setting up rigorous risk and capital management requirements designed to ensure that a bank holds capital reserves appropriate to the risk the bank exposes itself to through its lending and investment practices. Generally speaking, these rules state that the greater risk to which the bank is exposed, the greater the amount of capital the bank needs to hold to safeguard its solvency and overall economic stability.¹⁴

2.2 IMPACT OF THE CRISIS BY REGION

- Developed countries

In February 2007 the bank HSBC revealed huge losses at its U.S. mortgage arm Household Finance. In April New Century Financial, a leading subprime lender, filed for bankruptcy. Shares in other US mortgage banks like Countrywide came under pressure. As a result higher mortgage prices resulted in the evictions for more than two million American households. In the first quarter of 2007, for the first time in sixteen years, the U.S. house prices declined with 1.4 percent compared with a year earlier.

The crisis in the U.S. housing market quickly reached the banking sector. During the first months of 2008 world leading banks such as Citigroup and Royal Bank of Scotland (in The Netherlands ING and ABN Amro) announced huge losses on their mortgage portfolios. The financial system collapsed completely in September 2008. First the U.S. government rescues giant mortgage lenders Fannie Mae and Freddie Mac, taking them into temporary public ownership after they reveal huge losses on the US subprime mortgage market.

In the same month U.S. investment bank Lehman Brothers goes bankrupt after the U.S. government refuses to bail it out. Merrill Lynch is bought by Bank of America after revealing it also is facing huge losses. Insurance firm AIG is rescued the next day with an \$85 billion loan from U.S. Treasury. In the Netherlands Fortis is in real trouble and has to sell ABN Amro Nederland which it recently had purchased.

Instability surged from sector to sector, first from housing into banking and other financial markets, and then on into all parts of the real economy.

Banks stopped lending money to each other. Credit, once abundant became rare and companies and citizens who suffered small (temporary) liquidity problems could not achieve loans anymore. Countries in the developed world entered a stage of severe and long recession. The U.S. unemployment rate increased to 9.8 percent by September 2009, the highest rate since 1983 and roughly twice the pre-crisis rate. The average hours per work week declined to 33, the lowest level since the government began collecting the data in 1964.¹⁵ Also the European Union faces recession. Although France and Germany showed economy growth by 0.3% between April and June 2009, the whole EU economy will shrink by 4.0 percent in 2009. Unemployment levels vary from country to country, for example: 17.4 percent in Spain; 7.9 percent in the UK; 10.0 percent in France; 7.7 percent in Germany, 13.8 percent in Lithuania and 8.9 percent in the EU as a whole. The Netherlands is still doing rather well in comparison. In September 2009 the unemployment level rose above the 5 percent mark compared to 3.8 percent one year before. This causes 12.000 to 15.000 people to lose their job every month.

How much money was used to bail out financial sector (source: BBC)

Total bail out - \$ 10.8 trillion

\$ 9.2 trillion for the rich countries

\$ 3.6 USA

\$ 2.4 UK

\$ 3.2 other rich countries

\$ 1.6 trillion for China and other emerging countries

Bail out as percentage of GDP in USA 25.8 % (\$ 10.000 per US citizen)

Bail out as percentage of GDP in UK 94.4 % (\$ 50.000 per UK citizen)

In the Netherlands the government offered a total of 20 billion Euro's to bail out the Dutch financial sector. Notably the ING (10 billion), Aegon (3 billion) and SNS Reaal (750 million) made use of the government guarantee.

- Emerging and developing countries

The ripple effects of the global economic crisis are quickly reaching the world's poorest and most vulnerable countries, and threaten to seriously undermine recent economic and social gains. While the first waves of the world economic crisis were felt primarily in advanced and

emerging economies, low-income countries — in contrast to previous crises — are now increasingly exposed to global downturns given their greater integration into the world economy. The impacts include the following:

- Rapid increases in unemployment, poverty and hunger
- Deceleration of growth, economic contraction
- Negative effects on trade balances and balance of payments
- Dwindling levels of foreign direct investment
- Large and volatile movements in exchange rates
- Growing budget deficits, falling tax revenues and reduction of fiscal space
- Contraction of world trade
- Increased volatility and falling prices for primary commodities
- Declining remittances to developing countries
- Sharply reduced revenues from tourism
- Massive reversal of private capital inflows
- Reduced access to credit and trade financing
- Reduced ability to maintain social safety nets and provide other social services, such as health and education
- Increased infant and maternal mortality
- Collapse of housing markets

Developing countries have little flexibility to stimulate their economies. Money spent to extend social protection may be at the expense of future growth. Following the report of the Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System, the crisis is likely to extract a particularly high toll on developing countries for four reasons.¹⁶ First, the citizens of these countries have fewer resources with which to cope with a crisis of this magnitude. Secondly, they have weak fiscal and social protection systems. Third, the limited ability to borrow in international financial markets may impose constraints on their ability to pursue counter-cyclical fiscal and monetary policies. And finally, these ever-present threats have been exacerbated by financial market integration. Countries that have fully opened their capital accounts, have engaged in financial market liberalization, and have relied on private finance from international capital markets are among those likely to be most adversely affected. Many countries have come to rely on foreign banks, some from countries that were poorly regulated and followed inappropriate macroeconomic policies and that now find their capital badly impaired. These institutions are now repatriating capital, with adverse effects on developing countries. The difficulty for developing countries is compounded by the fact that many have entered into free trade agreements (FTAs), bilateral investment treaties (BITs) and World Trade Organization commitments that further limit their ability to regulate financial institutions and instruments.

Growth forecasts in developing countries have been revised downward in 2009. Growth in Cambodia, for example, is down from more than 10% in 2007 to close to zero in 2009, and more than 63,000 garments jobs were lost by March 2009. Kenya may achieve only 3-4% growth in 2009, down from 7% in 2007.

Trade values declined. The value of garment exports from Cambodia fell from \$250 million per month in 2008 to \$100 million in January 2009. Coffee exports in Uganda fell by a third in the year to March 2009.

FDI in garments halved in Cambodia in 2008, raising fears that investors, mainly Chinese, will not return when the recovery kicks in. FDI plans in mining exploration in Tanzania were

halted with potential long-term consequences. Remittances to Kenya fell by 12% in the first six months of 2009 compared to the same period in 2008.

The decline in oil and other commodity prices has improved the terms of trade for those who import oil. However, for oil exporting countries such as Equatorial Guinea, the Republic of Congo, the Islamic Republic of Iran, and Azerbaijan, it has been estimated that the oil price drop led to a loss amounting to about a quarter of their 2008 GDP. DRC and Zambia went to the IMF for temporary support.¹⁷

Another effect of the crisis concerns remittances (money sent home by nationals who have gone abroad to work). Although worldwide remittance flows do not look set to decline dramatically, the evidence suggests that some small poor countries where remittances make up a relatively large share of GDP may suffer dramatically. These include Tajikistan (where remittances make up 45 percent of GDP), Moldova (38 percent), Tonga (35 percent), Lesotho (29 percent), and Honduras (25 percent).¹⁸

Although promises have been made in respect of aid flows and funding from international institutions, there is concern that these will not be sufficient, not focussed on the neediest countries and neither flexible nor rapid enough to make the necessary difference.

If appropriate measures are not taken quickly by the international community, developing countries may, in fact, be hurt rather than helped by the responses of developed countries to the crisis. In the short - and medium - term, it is necessary that developing countries undertake a variety of counter-cyclical policies - including social protection measures, infrastructure development, and credit guarantees - and it is imperative that developed countries provide them with appropriate assistance and policy space to do this.¹⁹

3. CRISIS RESPONSE AND INTERVENTIONS

3.1 THE G20

- April 2009 London Summit

Leaders of the G20 pledged to bring the world economy out of the recession when they met in London in April 2009. Headlines trumpeted a \$1.1 trillion deal to help countries fight the economic crisis. Much of this funding was to be directed towards the IMF.

1. The G20 has succeeded in increasing the IMF's lending capacity by \$500 billion to \$750 billion. The target was only met in September after the EU increased its initial pledge of about \$100 billion to \$178 billion.
2. The IMF has allocated an additional \$240 billion worth of reserves to member countries that can be tapped when needed. Around \$100 billion has been allocated to developing countries.
3. The IMF has also approved its first major sale of gold since 2000 to raise money for additional financing for poor countries. The sale of 403 metric tonnes of gold should raise \$13 billion – more than the \$6 billion asked for by the G20.
4. The G20 also pledged to help boost trade by providing \$250 billion worth of financing, with \$50 billion expected to come from the World Bank. The G20 says that \$65 has been taken up so far. For its part, the World Bank has only received commitments of \$7.8 billion from donors.
5. The G20 reaffirmed pre-existing aid pledges including commitments on Aid for Trade, debt relief, and the Gleneagles commitments, especially to sub-Saharan Africa;
6. The G20 said it would support an increase in lending to poor countries of at least \$100 bn through multilateral development banks. The G20 says these banks are planning to lend an extra \$110 bn this year.

7. The G20 agreed that hedge funds should be better supervised as part of wide-ranging measures to strengthen financial oversight. The EU has proposed a draft law that would subject the industry to tougher rules and make them more transparent.
8. The G20 agreed to establish the Financial Stability Board to make the financial system less vulnerable by encouraging cross-border cooperation on regulation. This international agency is based in Basel, Switzerland, and brings together national regulators to discuss issues such as banker pay, accounting standards and requiring banks to hold more capital to absorb losses. It submitted a paper to the G20 summit in Pittsburgh, but to date the most concrete steps on strengthening financial regulation have taken place at the national level.
9. The G20 gives tax havens until March 2010 to cooperate on tax evasion or face sanctions. In all 33 countries are considered a tax haven.
10. There has been broad backing for restrictions on banking bonuses, but the US and UK have rejected calls for mandatory caps on bonuses.

- September Summit Pittsburgh

Where the Summit in London was about fast recovery and measures to stop the worldwide economic downfall, the Summit in Pittsburgh addressed what should be done after recovery, like fighting increasing poverty in developing countries and changes in the governance of international monetary and financial institutions.

1. The G20 pledged to shift 5% in the IMF quota share to emerging economies. Also, at least 3% of the World Bank's shares will shift to these emerging countries.
2. The G20 assumed that due to the current economic situation, the US should no longer be viewed as the consumer of last resort; countries such as China need to boost domestic demand and stimulate their own consumer spending.
3. The G20 stated that a stronger regulatory framework and macro-economic policy is necessary for a sustainable and balanced growth of the world economy. But no hard commitments were made to improve sustainable growth.
4. No cap has been adopted on banking bonuses.
5. Tighter regulations will be enforced on financial systems, such as enforcing new guidelines for financial pay schemes.
6. G20 requested the IMF to investigate 'how the financial sector could make a contribution toward paying for any burdens associated with government interventions to repair the banking system'. This is a coded reference to the proposed financial transaction tax, which has been supported by the heads of state of France and Germany.
7. Little progress was made on climate change, although President Obama urged the World's nations to end their subsidies for fossil fuels.
8. The G20 decided that the World Bank should work with others to develop a new trust fund to 'help support innovative efforts to improve global nutrition and build sustainable agricultural systems'.
9. The G20 will fight protectionism.

- Some Critics on the G20 actions

1. For all developing countries the G20 will provide a maximum of \$240 billion and for low-income countries \$50 billion. The amount for low-income countries is three hundred and sixty times less than the \$18 trillion that richer governments have found to bail out or guarantee their private financial institutions.
2. These pledges, to be implemented over several years, represent less than half of what developing countries need to compensate them for the shock created by the economic crisis.

According to the World Bank this crisis will cause a financial shortfall for developing countries of between \$350 and \$635 billion in 2009 alone, and most developing country economies will recover more slowly than those of richer countries.

3. Less than half of the promised extra \$50 billion for low-income countries is secured. The clampdown on tax havens has already been declared successful, but the test of success in this area is far too weak and does not help most developing countries.²⁰

4. The G20 recognised the need for a global response to the global downturn. But responses are framed at the national level, and often take insufficient account of the effect on others. As a result they have been too small and they are structured to maximise domestic impacts, not global ones.²¹

5. Developing countries do not have adequate resources for coping with the crisis. The G20 did not take adequate note of the risk of poor countries undertaking more debt, and the reluctance of many to turn to the IMF for support – partly because of its history of demanding borrowers undertake counterproductive pro-cyclical policies.²²

6. Nothing was said about actually reducing the size of banks that are “too large to fail”. On securitisation, while the “sponsors or originators should retain a part of the risk of the underlying assets”, this suggestion was not agreed as a firm global rule that will need to be adopted across all locations.²³

7. The G20 did support “Core Values for Sustainable Economic Activity, which will include those of propriety, integrity, and transparency”. The communiqué references to a Charter of Sustainable Economic Activity, though there is no timetable for its completion.

8. The communiqué fails to put forward specific and ambitious measures to combat tax evasion, to enhance transparency of multinational corporations and to lay-out an ambitious plan to close down tax havens.²⁴

3.2 UNITED NATIONS

The 63rd Session of the UN General Assembly emphasised the importance of more grant funding. But developing countries are constrained not just by a lack of money, but a lack of policy space. The meeting concluded that: ‘countries must have the necessary flexibility to implement countercyclical measures and to pursue tailored and targeted responses to the crisis.’

The UN reinforced the need for reforms in the governance of the international economic institutions: ‘The current crisis has been compounded by an initial failure to appreciate the full scope of the risks accumulating in the financial markets and their potential to destabilise the international financial system and the global economy...’

The chairman of the Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System, Nobel laureate Joseph Stiglitz, expressed the importance of a consensus about reforms of the international monetary and financial system, by emphasising that we have allowed economic globalisation to outpace political globalisation. As a result ‘we do not have the institutions or the mindset to respond collectively in ways that advance the wellbeing of all.’^{25 26}

3.3 THE INTERNATIONAL MONETARY FUND

The IMF has emerged from this crisis with four important roles:²⁷

1. Supporting recovery in emerging economies by providing credit, and the doubling the amount of resources countries can access automatically from the IMF;
2. Assisting the poorest countries by providing additional concessional financing;
3. Surveillance and monitoring of national financial systems and their regulation, and of early warning indicators of macroeconomic and financial risks;

4. Coordination of global measures not just in terms of coordinating national policies undertaken by major economies but also through an additional \$250 billion SDR allocation.

The crisis – and the need to deliver more money, faster, to countries suffering from shocks – has sharpened the organization’s focus on reducing conditionality. Furthermore the financial crisis fastened governance reform talks in the IMF.

However, while 82% of its newly loaned resources have gone to European area countries, just 1.6% have gone to countries in Africa.²⁸ Further funding has been delivered by the IMF using its Exogenous Shocks Facility. The following countries have each been made loans under this facility, some part of which in each case can be immediately accessed: Mozambique (\$176 million), Tanzania (\$336 million), Cameroon (\$144 million), Kenya (\$209 million), Ethiopia (\$240 million), and Senegal (\$112 million).

3.4 THE WORLD BANK

Recognizing the need for a new and large injection of resources the Bank’s President Robert Zoellick has called for industrialized countries to pledge 0.7 percent of their stimulus packages to a new Vulnerability Fund for developing countries that can not afford bailouts and deficits. He argued that poor countries need safety net programmes to help cushion the impact of the downturn on the poor; investment in infrastructure to build a foundation for productivity and growth while putting people to work; and finance for small and medium-sized enterprises to create jobs. But the G20 countries did not take-up Mr Zoellick’s proposal.²⁹

The Bank has two core capacities both of which are vital during this global economic crisis:

1. The Bank has become a global public financing mechanism, which permits governments to contribute to emergencies, relief to the poorest countries, countries at risk of descending into war, public health crises, climate change, and so forth.
2. The Bank is a global lending cooperative, which helps to channel private finance to developing economies.

The World Bank’s contribution to managing the crisis is being achieved with very few additional resources. Instead the Bank is repackaging its existing IBRD and IDA loans. The International Development Association (IDA) exists to make long-term loans at very little cost to the poorest countries, and to countries lacking the creditworthiness to borrow from the IBRD. Poor countries receive IDA loans according to good performance, not according to their needs. This makes it difficult for the World Bank to generate money out of this fund for the economic crisis.

The response highlights core problems with the World Bank’s governance which minimizes risks to the institution and its non-borrowing members, at the cost of its needy developing country members.³⁰ Governance reform could overcome some of these problems and enable the Bank more effectively to respond to the crisis. The crisis helps to speed up reforms.

3.5 THE EUROPEAN UNION

As the world’s largest donor of official development assistance, the EU’s policies are crucial to influencing the impact of the crisis on developing countries. On 18 May 2009 the European Union published both a Commission proposal for a series of measures on “Supporting developing countries in coping with the crises” and the response by the Council of the European Union.³¹ The statements on 18th May proposed changes and additions to current development policies in the following areas:

- Honouring existing aid commitments and leveraging other resources
- Acting counter-cyclically

- Improving aid effectiveness
- Cushioning the social impact and supporting the real economy
- Improving economic governance and stability

The Commission proposed spending €8.8 billion in the following areas: development aid (4.3bn), budget support (3bn) and agriculture financing (1bn). Furthermore, in order to support social spending in developing countries, the Commission pledged to dedicate €500 million to most affected ACP countries through the FLEX mechanism from the existing European Development Fund. Furthermore, Commission's contribution to the EU-Africa Infrastructure Trust Fund will be increased by €100 million. All these proposals were adopted by the European Council on 18 May 2009.

Analysing these pledges more closely, it becomes apparent that most of this funding (almost 99%) comes from pre-existing commitments. The €8.8 billion are frontloaded, which is helpful as the crisis affects developing countries now, but it also means that in the coming years there will most likely be less development aid that can be disbursed. The €100 million for EU-Africa Infrastructure Trust Fund is the only new spending that does not come from pre-existing commitments.³²

On the issue of Tax havens the EU is split. The EU common position states: "We stand ready to take agreed action against jurisdictions that fail to meet international standards on tax transparency and we will promote this reform swiftly. We support the reform and restructuring of the Global Forum to develop an in-depth peer review in order to review all jurisdictions."^{33 34}

4. THE CRISIS' IMPACT ON POVERTY, GENDER AND CLIMATE CHANGE³⁵

The International Labour Organization estimates that, because of the crisis, at least 50 million more people worldwide could become unemployed and hundreds of millions may join the ranks of the working poor.³⁶ Lessons from past financial crises indicate that it typically takes four to five years for unemployment rates to return to pre-crisis levels after economic recovery has set in.

The global economic and financial crisis comes on top of the 2008 food crisis, which is not over. According to the Food and Agriculture Organization of the United Nations (FAO), higher food prices pushed an estimated 115 million people into hunger in 2007 and 2008, raising the global total to close to 1 billion people. Moreover, already before the current crisis, 2 billion people suffered from micronutrient deficiencies. Even though food prices have declined significantly from their peaks early in 2008, they remain above recent historic trends. Moreover, the recent exchange-rate depreciations have increased the domestic cost of processed imported food in many developing countries, most of which are net food importers. Structural factors putting upward pressure on prices, such as low food stocks, low agricultural productivity growth, climate change and demand for biofuels, are still exercising influence.

Workers at the lower end of the job ladder, including young and female workers, are more likely to lose their jobs or to suffer income losses during an economic slowdown. In China alone, 20 million workers were displaced in 2008. These trends are likely to jeopardize future poverty reduction efforts.

Even prior to the crisis, and despite significant advances, progress in many countries was not on track to meet most Millennium Development Goals. As the crisis continues to unfold, increasing income poverty and lower government revenue will also lead to lower public and private spending on social services, affecting all of the Millennium Development Goals.

Previous economic and financial crises have shown that economic downturns put a disproportionate burden on women. Women, especially in developing countries, tend to have a higher probability than men of finding themselves in vulnerable employment situations or being unemployed. Existing evidence shows that the various economic and financial crises in Latin America, South Asia and Eastern Europe of the 1990s increased women's domestic burdens. In many cases, women were forced to absorb the impact of cuts in public spending on health care and education that were made in response to those crises.³⁷ Cuts in social spending also tend to disproportionately affect women's and girls' access to education and health services. Girls may be withdrawn from schools to help with household work during times of economic crisis, reinforcing gender gaps in education.³⁸

So the effects of the crisis are gendered, but the causes and the underlying institutions of the crisis are gendered as well. Financial decision-making on national and international levels is hugely under-represented by women. There are several reasons why this is detrimental. First, women may have different priorities and practices in financial decision making, which may be advantageous to the system as a whole. Women are less prone to risk taking. "Others include their ethical stance in relation to regulatory avoidance; long-term or short-term view; and requirements for public service provision, which should be represented. The inclusion of women may prevent the development of the 'herd' mentality, such as was found among financial decision-makers in the run up to the crisis by enforcing diversity. Including women and gender concerns within financial decision making may alter strategic priorities in a way that benefits not only women and associated vulnerable groups, but the system as a whole."³⁹

The global recession is likely to slow the growth of greenhouse gas emissions. At the same time, investment in low-carbon infrastructure and technologies may fall together with an overall decline in investment worldwide. Lower oil prices have also reduced the incentive to substitute cleaner technologies for fossil fuels. The net effect of these countervailing developments is expected to be negative.

The crisis may have further environmental impacts through changes in land use and accelerated deforestation. The crisis-induced decline in global demand for wood and wood products will affect the 1.6 billion people, including about 60 million indigenous people, who depend directly or indirectly on forest resources for their livelihoods. This could reduce some pressure on forests, but deteriorating rural livelihoods may also increase local demands on forest resources. Rural populations who lose formal employment or demand for their cash crops will seek survival through foraging in forests for food and energy. This was an observed consequence of the financial crisis of 1997 in some Asian countries. Many forest areas were cleared, burned and converted to other uses by rural poor people in a struggle for survival.

5. FINANCIAL CRISIS AND THE DOHA TRADE NEGOTIATIONS

Concluding the now-stalled Doha trade negotiations is increasingly critical as the global financial crisis spreads. This warning comes from the heads of UNCTAD and WTO, Supachai Panitchpakdi and Pascal Lamy.

Also the G20, the US, the European Union and the APEC member countries in Asia are calling for a Doha conclusion by 2010. The dependence of prosperity on trade has been demonstrated by the financial crisis: a huge amount of people's work is trade-related. A new multilateral trade deal can halt protectionism and help restore confidence and order into shaken economies and financial markets.

The risk of protectionism appears mainly in non-traditional instruments, such as subsidies and new forms of non-tariff barriers. The Buy America provisions in the U.S. fiscal stimulus package and the French attempt to condition auto subsidies on locating investment in France

illustrate this. The WTO surveillance mechanism aims to monitor such measures, but new types may be difficult to detect or controversial to include.

It would be unique if in 2010 a multilateral agreement can be reached. In national parliaments it would be difficult to agree now on reducing agricultural subsidies or with unemployment rising to extend duty free quota free access to Bangladeshi garment manufacturers or any other sectors in the Least Developed Countries in the EU and U.S. As a result India will not accept any liberalisation of trade in services for example. Opponents of a trade agreement emphasise that there is a difference between containing protectionism and actually liberalising further.⁴⁰

On the one hand there is criticism as well about talks to regulate financial institutions while on the other hand in the WTO talks will continue in the General Agreement on Trade in Services (GATS) to liberalise financial services. And partly because of this liberalisation and the increasing competition, governments established flexible regulation and monitoring systems to create attractive business environments for financial institutions.

Countries that liberalise their financial services in accordance with GATS rules are subject to major restrictions. For example, preventive measures such as limiting the scope of commercial financial institutions or the volume of their financial transactions are explicitly prohibited. Countries are also not permitted to prevent their local financial service providers from becoming 100% foreign owned. This has resulted in an increase in the size of banks over the past years to the degree that governments cannot permit banks to go bankrupt, as this would disrupt the functioning of the entire economy.⁴¹

6. THE NEED FOR AN ALTERNATIVE FINANCIAL SYSTEM

The shake up of the financial sector must not only focus on more regulations and a change in the governance structures of financial corporations, such as less shareholder influence and a long-term approach on making profit and cashing in bonuses. This way heavily polluting companies will still continue to give loans and purchase equity shares. Due to the financial practises of main financial corporations the share of sustainable banking remains small worldwide, although growing. For example: the share of sustainable investments by the financial sector in The Netherlands is 3.2 percent.⁴²

In the world of 'conventional' banking there are also initiatives to prevent the system from derailing again. In the Netherlands the Dutch banking Association asked its members to swear to a banker's oath, in which bankers promise to perform their duties 'with integrity and care'.

In several analyses of the financial crisis it is emphasized that the financial world in the last decades operated based on the fallacy that the financial sector, in and by itself, can create wealth, while neglecting that this sector depends on developments in the real world. The financial world is, in essence, a set of markers for goods, services, and risks in the real world and when those markers are allowed to deviate too far from reality, "adjustments" must ultimately follow and crisis and panic can ensue. To solve this and future financial crisis requires that we reconnect the markers with reality. What are our real assets and how valuable are they? The crisis has added credibility to the voices that state that the financial sector should limit itself to providing services for the real economy.⁴³ Also relevant is the report by economists Stiglitz, Sen and Fitoussi on the limits of GDP as an indicator of economic performance and social progress.⁴⁴

The financial crisis, climate change, the food crisis and increasing poverty rates cannot be seen separately from each other. The whole international community needs to explore a

variety of mechanisms of innovative finance, including regular emissions of new global reserves, revenues generated from the auction of global natural resources (such as ocean fishing rights and pollution emission permits), and international taxes (such as a carbon tax, or a financial services tax, which would simultaneously help stabilize international financial markets.

In this context the financial crisis must be seen as an opportunity to establish a financial sector, which includes environmental, social and governance values in its core decision making.⁴⁵

SELECTION OF LITERATURE

Bretton Woods Project and EURODAD, 'G20 Remains Vague on Social Impact Measures, Still Fails to Tackle Fundamental Reform', 3 October 2009

<http://www.brettonwoodsproject.org/art-565466>

G20 Leaders' Statement, The London Summit, April 2009

<http://www.g20.org/Documents/final-communique.pdf>

G20 Leaders' Statement, The Pittsburgh Summit, 24 and 25 September 2009

http://www.g20.org/Documents/pittsburgh_summit_leaders_statement_250909.pdf

SOMO 'An Oversight of Selected Financial Reforms on the EU Agenda', September 2009

http://somo.nl/publications-en/Publication_3221

UNCTAD, Trade and Development report, September 2009

<http://www.unctad.org/TEMPLATES/webflyer.asp?docid=11867&intItemID=2068&lang=1>

United Nations, final report of the Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System, 21 September 2009

http://www.un.org/ga/president/63/commission/financial_commission.shtml

United Nations, Conference on the World Financial and Economic Crisis and Its Impact on Development, A/CONF.214/4 Report of the General Secretary, 22 June 2009

http://www.un.org/ga/search/view_doc.asp?symbol=A/CONF.214/4&Lang=E

United Nations, Resolution adopted by the General Assembly, 63rd session, July 2009

http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/63/303&Lang=E

Woods, N., The International Response to the Global Crisis and the Reform of the International Finance and Aid Architecture, a report for the Directorate-General for External Policies of the European Parliament, September 2009

<http://www.globaleconomicgovernance.org/the-international-response-to-the-global-crisis-and-the-reform-of-the-international-financial-and-aid-architecture>

World Bank's annual World Developing Finance report, June 2009

<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/0,,contentMDK:22216733~pagePK:64165401~piPK:64165026~theSitePK:469372,00.html>

Walby, Sylvia. Gender and the Financial Crisis. Paper for UNESCO Project on 'Gender and

the Financial Crisis', 9 April 2009. Download at:

http://www.lancs.ac.uk/fass/doc_library/sociology/Gender_and_financial_crisis_Sylvia_Walby.pdf

Pelkmans, Jacques. De rol van de EU in de financiële en economische crisis, Den Haag, Instituut Clingendael, October 2009

<http://www.clingendael.nl/cesp/publications/?id=7681>

Rights & Humanity Global Leaders Congress. The Ubuntu Declaration for a Just and Sustainable World Economy, Februari 2009

<http://www.worldconnectors.nl/index.php?id=8&c=&n=105>

Goudzwaard, Bob et al. De verklaring van Tilburg. Platform Duurzame en Solidaire Economie. Download at:

http://www.economischegroei.net/index.php?topic=logotest&style_id=0

Other frequently used sources:

BBC

ODI

European Commission

European Parliament

EURODAD

The Guardian

IMF

NRC Handelsblad

Wikipedia

WTO

NOTES

¹ World Bank research highlights: growing risks to the poor. Press Release No: 2009/220/EXC - Crisis Hitting Poor Hard in Developing World, World Bank says – February 2009

http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:22067892~pagePK:34370~piPK:34424~theSitePK:4607,00.html?cid=ISG_E_WBWeeklyUpdate_NL

² Global Employment Trends, ILO, May 2009

http://www.ilo.org/global/About_the_ILO/Media_and_public_information/Press_releases/lang-en/docName--WCMS_106504/index.htm

³ World Bank's annual World Developing Finance report, June 2009

<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/0,,contentMDK:22216733~pagePK:64165401~piPK:64165026~theSitePK:469372,00.html>

⁴ Woods, N., The International Response to the Global Crisis and the Reform of the International Finance and Aid Architecture, a report for the Directorate-General for External Policies of the European Parliament, September 2009

<http://www.globaleconomicgovernance.org/the-international-response-to-the-global-crisis-and-the-reform-of-the-international-financial-and-aid-architecture>

⁵ Leaders' Statement, The Pittsburgh Summit, 24 and 25 September 2009

http://www.g20.org/Documents/pittsburgh_summit_leaders_statement_250909.pdf

⁶ See for example Larry Elliott's, Economics editor of The Guardian, column 'Painful death of the American dream' of 2 November 2009

<http://www.guardian.co.uk/business/2009/nov/02/globalisation-financial-markets-reforms>

⁷ UNCTAD, Trade and Development report, September 2009

<http://www.unctad.org/TEMPLATES/webflyer.asp?docid=11867&intItemID=2068&lang=1>

⁸ See for example: Dieren, Wouter van. New Green Deal - Beyond the financial Crisis. INSA Amsterdam, October 2009.

⁹ Hallwood, C.P., and MacDonald, R. (1995) 'International Money and Finance', second edition, Blackwell

¹⁰ Krugman, Paul (2009), 'The Return of Depression Economics and the Crisis of 2008', W.W. Norton Company Limited.

¹¹ Forbes, Geithner's Plan for Derivatives, 18 May 2009, by Stephen Figlewski, Roy C. Smith and Ingo Walter.

<http://www.forbes.com/2009/05/18/geithner-derivatives-plan-opinions-contributors-figlewski.html>

¹² Will Hutton, columnist in the Guardian, wrote in The Observer 'Is it finally time to end the bonus culture in the City? Yes, we have been ripped off for too long by grasping bankers, 18 October 2009

<http://www.guardian.co.uk/commentisfree/2009/oct/18/will-hutton-heather-mcgregor-banks>

-
- ¹³ Philippon, T., and Reshef, A., 'Wages and human capital in the U.S. Financial Industry: 1909 -2006', December 2008
http://pages.stern.nyu.edu/~tphilipp/papers/pr_rev15.pdf
- ¹⁴ Bron: Wikipedia
- ¹⁵ See: http://en.wikipedia.org/wiki/Financial_crisis_of_2007%E2%80%932009_-_cite_note-132
- ¹⁶ United Nations, final report of the Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System, 21 September 2009
http://www.un.org/ga/president/63/commission/financial_commission.shtml
- ¹⁷ Dirk Willem te Velde, 'The Global Financial Crisis and Developing Countries: Taking stock, taking action', Briefing Paper of the Overseas Development Institute (ODI) no. 54, September 2009-11-03
<http://www.odi.org.uk/resources/download/2822.pdf>
- ¹⁸ Woods, N., The International Response to the Global Crisis and the Reform of the International Finance and Aid Architecture, a report for the Directorate-General for External Policies of the European Parliament, September 2009
<http://www.globaleconomicgovernance.org/the-international-response-to-the-global-crisis-and-the-reform-of-the-international-financial-and-aid-architecture>
- ¹⁹ United Nations, final report of the Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System, 21 September 2009
http://www.un.org/ga/president/63/commission/financial_commission.shtml
- ²⁰ Bretton Woods Project and EURODAD, 'G20 Remains Vague on Social Impact Measures, Still Fails to Tackle Fundamental Reform', 3 October 2009
<http://www.brettonwoodsproject.org/art-565466>
- ²¹ By Nobel Laureate Economist Joseph Stiglitz
<http://www.guardian.co.uk/commentisfree/2009/jun/28/joseph-stiglitz-un-economic-crisis>
- ²² By Nobel Laureate Economist Joseph Stiglitz
<http://www.guardian.co.uk/commentisfree/2009/jun/28/joseph-stiglitz-un-economic-crisis>
- ²³ Bretton Woods Project and EURODAD, 'G20 Remains Vague on Social Impact Measures, Still Fails to Tackle Fundamental Reform', 3 October 2009
<http://www.brettonwoodsproject.org/art-565466>
- ²⁴ Bretton Woods Project and EURODAD, 'G20 Remains Vague on Social Impact Measures, Still Fails to Tackle Fundamental Reform', 3 October 2009
<http://www.brettonwoodsproject.org/art-565466>
- ²⁵ Joseph Stiglitz' column in The Guardian, 28 June 2009, 'One Small Step Forward'
<http://www.guardian.co.uk/commentisfree/2009/jun/28/joseph-stiglitz-un-economic-crisis>
- ²⁶ Read the critical notes written by Samir Amin, the director of the UNs African Institute for Planning, the director of the Third World Forum in Dakaar and co-founder of the World Forum for Alternatives, 'A Critique of the Stiglitz Report: The Limits of Liberal Orthodoxy'.
<http://www.pambazuka.org/en/category/features/58453>
- ²⁷ Woods, N., The International Response to the Global Crisis and the Reform of the International Finance and Aid Architecture, a report for the Directorate-General for External Policies of the European Parliament, September 2009
<http://www.globaleconomicgovernance.org/the-international-response-to-the-global-crisis-and-the-reform-of-the-international-financial-and-aid-architecture>
- ²⁸ Woods, N., The International Response to the Global Crisis and the Reform of the International Finance and Aid Architecture, a report for the Directorate-General for External Policies of the European Parliament, September 2009
<http://www.globaleconomicgovernance.org/the-international-response-to-the-global-crisis-and-the-reform-of-the-international-financial-and-aid-architecture>
- ²⁹ World Bank Group. 2009. "Zoellick calls for new Vulnerability Fund ahead of Davos Forum" January 30.
<http://go.worldbank.org/76E1GRKBN0>
- In the New York Times (22 January) he argued: "The United States could begin by pledging some \$6 billion of its own \$825 billion stimulus package — just 4 percent of what was provided to American International Group. With this modest step, the United States would speed up global recovery, help the world's poor and bolster its foreign policy influence.", "A Stimulus Package for the World"
New York Times, January 22. http://www.nytimes.com/2009/01/23/opinion/23zoellick.html?_r=4
- ³⁰ Woods, N., The International Response to the Global Crisis and the Reform of the International Finance and Aid Architecture, a report for the Directorate-General for External Policies of the European Parliament, September 2009
<http://www.globaleconomicgovernance.org/the-international-response-to-the-global-crisis-and-the-reform-of-the-international-financial-and-aid-architecture>
- ³¹ European Commission, "Supporting developing countries in coping with the crises," Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - COM(2009) 160/4, Brussels, 8 April 2009.
The Council of the European Union, "Council Conclusions on Supporting developing countries in coping with the crises," 2943rd External Relations Council meeting, Brussels, 18 May 2009.
- ³² Woods, N., The International Response to the Global Crisis and the Reform of the International Finance and Aid Architecture, a report for the Directorate-General for External Policies of the European Parliament, September 2009
<http://www.globaleconomicgovernance.org/the-international-response-to-the-global-crisis-and-the-reform-of-the-international-financial-and-aid-architecture>
- ³³ Bretton Woods Project and EURODAD, 'G20 Remains Vague on Social Impact Measures, Still Fails to Tackle Fundamental Reform', 3 October 2009
<http://www.brettonwoodsproject.org/art-565466>
- ³⁴ Read for example SOMO's: 'An Oversight of Selected Financial Reforms on the EU Agenda', September 2009
http://somo.nl/publications-en/Publication_3221
- ³⁵ Most information comes from:
United Nations, Conference on the World Financial and Economic Crisis and Its Impact on Development, A/CONF.214/4 Report of the General Secretary, 22 June 2009. Download at:
http://www.un.org/ga/search/view_doc.asp?symbol=A/CONF.214/4&Lang=E
Walby, Sylvia. Gender and the Financial Crisis. Paper for UNESCO Project on 'Gender and the Financial Crisis', 9 April 2009.

Paper available for download at:

http://www.lancs.ac.uk/fass/doc_library/sociology/Gender_and_financial_crisis_Sylvia_Walby.pdf

³⁶ See International Labour Organization, "The financial and economic crisis: a decent work response" (document GB.304/ESP/2). Paper submitted to the ILO Governing Body Committee on Employment and Social Policy (2009).

³⁷ See *1999 World Survey on the Role of Women in Development: Globalization, Gender and Work* (United Nations publication, Sales No. E.99.IV.8).

³⁸ Read as well: Caroline Harper's weblog on the website of the Overseas Development Institute (ODI) of 16 October 2009, 'The Global Financial Crisis: Identifying the chronically poor in low income countries'.

http://blogs.odi.org.uk/blogs/main/archive/2009/10/16/world_poverty_day_children_global_financial_crisis.aspx

³⁹ Walby (2009)

⁴⁰ Overseas Development Institute (ODI), 'Pursuing a Doha Trade Deal is a Low Priority', Opinion paper 126, February 2009

<http://www.odi.org.uk/resources/details.asp?id=2934&title=doha-financial-crisis-trade-policies>

⁴¹ SOMO, 'One step forward, two steps back', 24 September 2009

<http://somo.nl/news-en/g20-one-step-forward-two-steps-back/>

⁴² Evert-jan Quak, (2009), 'Het Onzichtbare Label – Perspectief op Duurzaam Handelen', KIT Publishers

⁴³ See for example: Constanza, Robbert. Toward a new sustainable economy. *real-world economics review*, issue no. 49, 2009.

⁴⁴ Stiglitz, Robert et al. Report by the Commission on the Measurement of Economic Performance and Social Progress.

Download at: www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf

⁴⁵ See for example: Rights & Humanity Global Leaders Congress. The Ubuntu Declaration for a Just and Sustainable World Economy, Februari 2009. <http://www.worldconnectors.nl/index.php?id=8&c=&n=105>