

## TAKE ACTION

The UK bears a particular responsibility for the current economic crisis. Conservative and Labour governments alike have championed the most extreme free market policies over the past 30 years, both at home and in the international arena. No country has done more than the UK to press for deregulation and liberalisation of financial markets and trade rules – precisely the policies which have caused today's crisis.

Now, too, Gordon Brown is blocking progress towards a fairer system. As voices from around the world call for new controls over finance capital and new rules to govern the global economy, Brown is resisting anything but 'light touch' regulation and business as usual. Even other European countries are complaining that Brown is holding up their efforts to move forward. The UK government seems determined to be part of the problem, not part of the solution.

War on Want and New Internationalist are leading the fight to change the government's position so as to make the clean start needed to build a fairer global economy. We have won important victories already in our joint actions with trade unions and other civil society groups, and now we need you to join us.

Visit the websites below and sign the petition telling Gordon Brown to call time on global greed.

[www.waronwant.org](http://www.waronwant.org)

[www.newint.org/cleanstart](http://www.newint.org/cleanstart)



# GLOBAL CRISIS

## Time for a Clean Start

### The global system is in crisis.

As the financial crisis bites into the real economy, millions of women and men will lose their jobs and livelihoods.

Millions more are forecast to join the 1.4 billion people already living in extreme poverty around the world.

Despite this massive failure, world leaders have responded by trying to preserve the system that is responsible for the crisis.

Governments have been happy to bail out the bankers with hundreds of billions in public money, while the poorest have received no help in their daily struggle to make ends meet.

### It does not have to be like this.

We can rebuild the system afresh so that it works for people and the environment, not for corporate shareholders and their financial backers.

Instead, we need a system to serve the needs of the many: a system based on the principles of public benefit, global equity, environmental sustainability and democratic control.





## THE ROOTS OF THE CRISIS

The credit bubble was created in order to mask imbalances in the global economy which have resulted from three decades of free market fundamentalism. Working people have seen their share in national wealth tumble over the past 30 years, and were encouraged to take on more and more debt because this was the only way they could consume enough to sustain corporate profits. When the whole system came down under the weight of the debt landslide, it was ordinary people who found themselves trapped in the wreckage.

## PUBLIC BENEFIT, NOT PRIVATE PROFIT

If the crisis has made one thing clear, it is that our financial institutions cannot be trusted to deliver outcomes in the public interest. Credit and capital must be controlled for public benefit and directed to where the need is greatest, not where the highest profits are to be made. The bank bailouts in the UK and USA mean that the governments of those countries are already the largest shareholders in several major financial institutions. These and all other banks must now be directed towards the greater public good.

The same principle of public benefit must govern our system of taxation. Tax is a key part of the social contract under which companies operate in our economies, yet that contract is broken on a regular basis. The UK currently loses over £100 billion a year in unpaid business taxes, while developing countries are deprived of up to £250 billion each year through corporate tax dodging – five times what they receive in aid. The UK plays a major role in helping companies dodge the tax they owe and many of the world's tax havens are British. These tax revenues are vital at the best of times for funding public services and social welfare programmes, but at times of economic slowdown they become critical. Corporate tax dodging can be tolerated no longer.



## JUSTICE AND EQUITY FOR ALL

The new world order must be based on principles of justice and equity, not the rampant greed which has condemned more than half the world's population to lasting poverty. We can no longer allow a situation where the richest 2% on the planet own half its assets while the poorest half of the world's population owns barely 1% of global wealth. This profound inequality lies at the heart of the current economic crisis, and we can address the imbalance by sharing the gains of globalisation fairly. Guaranteeing all working people around the world a living wage will enable them to work their way out of poverty, as well as breaking the cycle of crisis and debt.

At the international level, rich countries of the global North still hold 90% of the world's wealth, even though they account for just 18% of the total world population. Nonetheless, the poorest countries are still paying almost \$100 million every day to the rich in debt repayments. It is time to end this scandal once and for all with full debt cancellation and a massive transfer of finance from the rich to the developing world. This should include the repayment of debts owed by the rich world to the countries of the South, including the ecological debt of climate change which has been caused by industrialised countries but will hit the poor hardest.

## TAKING BACK CONTROL

None of the above solutions will be possible as long as power rests in the hands of a few rich country governments and the multinational corporations they support. Many of the rules governing the global economy today were actually written by companies first and adopted by governments later. The World Bank, International Monetary Fund and World Trade Organisation are all dominated by the most powerful nations, leaving poorer countries without a voice. Despite being responsible for the free market policies which caused the crisis, all three bodies are trying to use the current turmoil to win themselves greater powers.

The institutions which presided over the 'lost decades' of development are not fit for purpose and cannot be entrusted with our future. Instead, we need to take back control of the global economy through democratic bodies which are accountable to the people they are meant to serve. Developing countries are already finding new ways of breaking the power of the old institutions, and many have called for the UN to be the proper forum for deciding the future of the global economy. Exclusive 'invitation-only' clubs such as the G20 will never provide inclusive solutions to a global crisis.

