

The Rights and Humanity Emergency Congress



Ubuntu: From Crisis to a Just and Sustainable World Economy

London, UK, 23-25 February, 2009

Ubuntu Declaration for a Just and Sustainable World Economy

In cooperation with:

tomorrow's
company



Under the Patronage of:

**His Grace Archbishop
Emeritus Desmond Tutu**

and

Mrs Cherie Blair

We commend the Ubuntu Declaration for consideration by global leaders in the run up to the London Summit of the G20 on 2nd April, 2009, in London, U.K, and in subsequent reform efforts.

We invite leaders from the public, private and civil society sectors to join us in signing this Ubuntu Declaration which celebrates and reaffirms our interdependence and the principle of cooperation so vital for building a just and equitable world economy.



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HH The Dalai Lama, His Grace Archbishop Emeritus Desmond Tutu, HRH Prince El Hassan bin Talal Dadi Janki, Sir Sigmund Sternberg

Patron of Rights and Humanity's Women's Human Rights and Empowerment Network, *WHEN!*

Mrs Cherie Blair

The Ubuntu Declaration for a Just and Sustainable World Economy

Executive Summary

The Ubuntu Declaration reflects the Conclusions and Recommendations of the Rights and Humanity Emergency Congress “Ubuntu: From Crisis to a Just and Sustainable World Economy”, London, UK, 23-25 February, 2009 under the Patronage of Archbishop Desmond Tutu and Mrs Cherie Blair organised in cooperation with the South African Human Rights Commission and Tomorrow’s Company. With the endorsement of the UK Prime Minister, the Rt Hon Gordon Brown, the Emergency Congress brought together a unique gathering of 200 leaders from the UK and other governments, UN agencies, the World Bank, the corporate sector, trade unions, civil society, academia, faith communities, and the media.

From Crisis to Opportunity

Multiple Crises: The crises of climate change, poverty and the global economy are inextricably linked and need to be dealt with in an holistic manner. Nothing will be sustainable unless we respond immediately to relieve the urgent human crisis and prevent catastrophic climate change. We face the fierce urgency of now.

Opportunities: Amid the complexities of the challenges there are opportunities to grasp.

- Unprecedented spirit of cooperation around global solutions to global challenges provides a unique chance to build a new, just and sustainable global economy
- Coherent framework of human rights and environmental law and MDGs to shape response
- Recognition that economic, human and environmental crises must be jointly addressed
- Experience proven to be successful in meeting the triple bottom line of social, environmental and economic objectives.

Arguments for Addressing Poverty and Climate Change at the London Summit

1. Economic Argument: The prosperity of all economies is linked. As per capita income declines in developing countries, the resulting fall in demand will be serious enough to damage global economic recovery leading to deeper recession. Conversely, responding to the human crisis, achieving the MDGs and investing in the environment brings economic gains to all.

With every 1% decline in developing country growth rates, approximately 20 million more people are pushed into poverty. WFP

Doing nothing about climate change will cost the world economy at least 5% and potentially more than 20% of GDP. Stern Review

2. Moral Imperative: There is an overwhelming moral imperative to protect, as part of the immediate recovery package, the lives of those most affected by the human/ecological crises.

3. Legal Obligations of States: The G20 members are individually and collectively bound by their international legal obligations, including those under human rights and environmental law, which should shape concerted action for recovery.

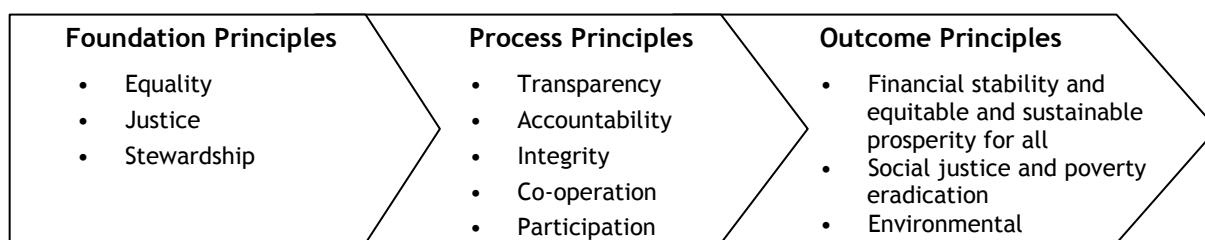
4. The Need for Joined up Thinking: It does not make sense to say “we’ll deal with the economic crisis now and tackle the issues of environment and social issues in the longer term.” An holistic approach is critical to the success of a sustainable global economic recovery.

5. Enlightened Self Interest: The stability of any country and the world's economic system will not be secure until the benefits of globalisation are spread more equitably. Many countries risk food/fuel riots and civil disturbance. Poverty and injustice provide fertile ground for terrorism.

Recommendations: Towards the Age of Justice and Sustainability

1. Recommendation for Adoption of Additional Guiding Principles

Additional foundation and outcome principles should be added to the Washington “Common Principles to Guide Financial Market Reform” and shape all reform programmes.



2. Recommendations for Coordinated Actions to Revive the Global Economy– Growth & Jobs

Addressing the human crisis and inequality must be integral to any recovery package, not just as a moral imperative but for sound economic reasons. Governments must respond with urgency by:

- Honouring existing development obligations and commitments to MDGs
- Contributing 0.7% of stimulus packages to a global Vulnerability Fund
- Promoting youth employment programmes fostering creativity and innovations
- The particular needs of women and children should be met in accordance with their rights
- Protecting the rights of migrant workers and their families
- Maintaining/increasing national spending on public health, social service and social safety nets; microcredit and increased debt forgiveness
- Human rights audits & environmental impact assessments of all stimulus packages.

Invest in women’s Economic Empowerment: Investment in the education and empowerment of women and girls should form a priority for spending the recovery stimulus packages.

There is evidence that for girls, one extra year of education beyond the average can boost their earnings by 10-20%. UNICEF

Adopt a Global Green Economy: One-third of the cumulative US \$2.5 trillion fiscal stimulus should be spent to kick-start a global green economy ensuring greater economic resilience, job creation and innovation. Subsidies in “brown economy”, particularly on fuel, should be removed.

1 – 2 million full time jobs could be created in the EU. More than 3.8 million jobs could be created globally through production of fuel efficient vehicles A Global Green New Deal, UNEP, February, 2009

Strengthen Contribution of Private Sector: Legal frameworks should be reformed to facilitate a better functioning, socially responsible private sector as agreed in Doha, December, 2008.

3. Recommendations for Reforming and Improving Financial Sectors and Systems

- Overhaul of national & international regulatory machinery of financial sector with external regulators
- Strengthened transparency, accountability and integrity critical to rebuild trust in financial markets
- New regulations to rebalance profit and risk
- Greater popular participation in economic policy development
- Consideration of alternatives e.g. Swiss WIR business-to-business complementary currencies
- Strengthened laws prohibiting tax evasion and curtailment of use of tax havens
- Review of compensation structures at banks, with caps on bonuses where appropriate.
- Creation of a stability fund with contributions by banks to provide bailouts in crisis
- Strengthened implementation by banks of the Equator Principles to require compliance with social responsibility and environmental standards as conditions for project finance.

4. Recommendations for Reform of International Financial Institutions

- Reform of the governance structures of IFIs - greater participation of developing countries
- Strengthened compliance of IFIs with human rights and environmental responsibilities
- Increased resources to IFIs and reforms to strengthen effectiveness and speed distribution
- Expansion of innovative financing mechanisms: e.g. International Finance Facility
- Equitable conclusion of WTO Doha Round to support needs of developing countries
- Increased debt relief and curb illicit outflows from developing countries.

Call for a New Economic Paradigm We must break the addiction to unsustainable growth and stop our overconsumption and destruction of the environment. We must build a new economic system based on equity, justice and sustainability.

The Ubuntu Declaration for a Just and Sustainable World Economy

Preamble

We live in troubled times - a period of crisis for humanity and our planet. To the major threats of climate change, rampant poverty and injustice has been added the global financial crisis which is hitting every country and community. These crises are inextricably linked and there is a growing chorus of voices¹ now urging a response to deal with them all in a holistic manner.

Like the Chinese symbol *wei ji*, which comprises symbols for both danger and a crucial point, the crises provide an opportunity to achieve greater justice and sustainability. We commend the G20 leaders for the consensus reached in the Washington Declaration and for their determination to work together to restore global growth and achieve needed reforms in the world's financial systems. This focus at the highest political levels on reform provides an entry point for a more profound reshaping of the global economy to create a system that benefits all.

We must act with strength, wisdom and determination if we are to create a world of equity, justice and stewardship - a world envisaged in the UN Charter, but not yet realised. The crisis is provoking a deep analysis among all sectors of society. We have the chance to ask that most fundamental of all questions - what do we hold most precious? We need a new concordat, a global agreement that human life and wellbeing, together with stewardship of the planet and its biodiversity, must be given priority. The global economy and our financial institutions should be our servants, not our masters, in achieving these objectives.

To help spearhead such a global new deal, the international organisation Rights and Humanity² held an Emergency Congress entitled **"Ubuntu: From Crisis to a Just and Sustainable World Economy"** under the Patronage of His Grace Archbishop Emeritus Desmond Tutu and Mrs Cherie Blair and in cooperation with the South African Human Rights Commission and Tomorrow's Company, 23-25 February, 2009. The first day was hosted by the South African High Commissioner to London, HE Lindiwe Mabuza, at South Africa House, London, UK.

The Emergency Congress was endorsed by the UK Prime Minister, the Rt Hon Gordon Brown, who has asked Rights and Humanity to report back to him with our conclusions and recommendations as a contribution to the preparations of the London Summit of the G20 on 2 April, 2009. The UN has also invited us to feed our recommendations into the Commission of Experts of the President of the UN General Assembly on Reforms of the International Monetary and Financial System, chaired by Professor Joseph Stiglitz, which next meets in March, 2009.

The Emergency Congress brought together a unique multi-stakeholder gathering of 200 leaders from the UK and other governments, UN agencies, the World Bank, the corporate sector, trade unions, civil society, academia, faith communities, and the media, together with the participation of four of Rights and Humanity's global Patrons. Our discussions were inspired by the African concept of "Ubuntu". This term encapsulates the essence of being human and reflects our common humanity and the spirit of cooperation which is so vital as we tackle these global issues.

Drawing on the considerable expertise of the participants, we submit our conclusions and recommendations to the G20, the UN, business, civil society and individuals in a spirit of humility and in recognition of our shared responsibility to be part of the solution. In so doing, we show our solidarity with our political leaders who bear the responsibility to lead action to address these unprecedented global crises.

¹ A phrase used by HRH The Prince of Wales in his speech to the Accounting for Sustainability Forum, 17th December 2008.

² In November 1999, following the Asian financial crisis and on the eve World Trade Organisation meeting in Seattle, Rights and Humanity brought together, at UN headquarters in New York, a high level group of UN, corporate and financial experts to formulate a Human Rights Approach to Global Economic Governance. The conclusions of the Expert Group, which had the support of the then Secretary General Kofi Annan, have particular resonance for today's challenges. See www.rightsandhumanity.org

Part One – From Crisis to Opportunity

1.1 Multiple Crises

There is clear evidence that the current economic crisis is compounding the food crisis, the energy crisis and the development crisis (particularly in Africa), and undermining existing progress in eradicating poverty and disease³. Climate change and loss of biodiversity are real challenges that are happening already with a devastating toll on human life and our fragile planet.

Despite earlier predictions of decoupling, there is undeniable evidence that the financial crisis is leading to an economic crisis in developing countries. It is disrupting access to credit, reducing overseas development assistance, raising unemployment, reducing capital flows, hindering trade, contracting social development programmes, lowering remittances, and causing personal income and aggregate GDP growth prospects to plunge.⁴ The IMF has recently downgraded its forecast for world growth to just 0.5 percent in 2009 – the lowest rate in 60 years. Inclusive growth is essential to protect development achievements in sub-Saharan Africa. The positive impact on infant mortality has been very significant; but a 1 percent drop in GDP can mean the death of 100,000 babies.⁵

With every 1% decline in developing country growth rates, approximately 20 more million people will be pushed into poverty, with attendant impacts on hunger, health, education and income generation. *WFP*

It is predicted that between 18 million and 51 million more people around the world will be unemployed in 2009 compared to 2007 – the majority of them in developing countries. This would take unemployment up to 230 million, or 7.1 percent of the global workforce. *International Labour Organisation*

New estimates for 2009 suggest that lower economic growth rates will trap 46 million more people on less than \$1.25 per day, than was expected prior to the crisis. An extra 53 million will be trapped on less than \$2 a day. By the end of 2010, we could see some 90 million more people living in extreme poverty. *The World Bank*

We now face a human crisis of staggering proportions. As per capita income declines, fall in demand in developing countries is serious enough to damage global economic recovery. Addressing the human crisis must, therefore, form an integral part of any economic recovery package.

Climate change is the biggest challenge humanity has ever had to face. Nothing will be sustainable unless we respond quickly to prevent catastrophic climate change. The “ecological debt crisis” threatens human survival, economic stability and growth. The window of opportunity for response is fast closing. We face the fierce urgency of now.

Doing nothing about climate change will cost the world economy at least 5% and potentially more than 20% of GDP per year. *Stern Review: The Economics of Climate Change, 2006*

The 100,000 national parks globally which cover 10% of earth's surface face a funding deficit of US \$ 50 billion per annum, contrasted to a cost of US \$ 5 trillion if we do not maintain the parks. *The Economics of Ecosystems and Biodiversity (TEEB Initiative) Initiated by the German Government, European Commission, Interim Report, May 2008*

³ UN Secretary-General, Mr Ban Ki-moon

⁴ WFP

⁵ World Bank

The human and economic cost of environmental degradation and climate change are well documented. Once again, it is poor people in developing countries that are the most affected by the continuing loss of critical ecological services.

With a 5 – 6 degree Celsius warming, the world economy could sustain losses equivalent to 5-10% of global GDP, with poor countries suffering costs in excess of 10% of GDP.

The Economics of Climate Change: The Stern Review, Cambridge University Press, UK, 2007

Nearly 1.3 billion people in developing countries – over 1/5 of the world's population - live on lands prone to degradation and water stress or in upland areas, forest systems, drylands and similar fragile environments. The world's poor are especially vulnerable to the climate driven risks posed by rising sea level, coastal erosion and more frequent storms. Global increase in risk from extreme coastal flooding is expected to affect between 40 -150 million people.

A Global Green New Deal, UNEP, February 2009

Approximately 15 of 24 major global ecosystem services have already been used unsustainably, degrading freshwater, capture fisheries and air purity, and impacting on regional and local climates, natural hazards and pests⁶. Climate change is expected to reverse the progress made in the last decade towards meeting the Millennium Development Goals (MDGs), unless urgent action is taken. The loss of ecological commons is a demonstrable cause of persistent poverty and an inability to meet MDGs 1,3,4,5 and 8 as the poor and vulnerable are the most dependent on the forests and wetlands near which they live.⁷

The poorest populations depend disproportionately on the ecological commons both for livelihoods and for consumption. For example, it has been estimated that ecological services of forests account for 7.3% of India's overall GDP, but they account for 57% of the "GDP of the Poor", or the effective household income of those living below the poverty-line and relying on activities like subsistence farming and the gathering of non-timber forest produce.

Interim Report, TEEB Initiative, European Communities, 2008

1.2 Opportunities

Amid the complexities of the challenges facing humanity we enjoy a set of opportunities which provide hope for constructive solutions.

Opportunity One – Consensus on the Need for Global Solutions to Global Challenges

The unprecedented spirit of cooperation to tackle the financial crisis and recognition of our shared interest in rebuilding momentum in the world economy provide a unique chance to build a new, just and sustainable global economy. The current crisis has proved incontrovertibly that the economies of all states are linked. Climate change knows no borders and poverty exists everywhere. No country, however prosperous, can confront these combined and shared challenges acting alone. We are all in this together. If we are to achieve global solutions to global challenges it is vital that we work with strengthened cooperation between the public, private and civil society sectors. The G20 has an important role to play in spearheading reform, but a more inclusive approach is also required. The London Summit should be seen as the start of an open and constructive global dialogue which enables ordinary people in nations all around the world to plan together for a just and sustainable future for all.⁸

⁶ Millennium Ecosystem Assessment. 2005. *Ecosystems and Human Well-Being: Current State and Trends*. Island Press, Washington, 2005.

⁷ Interim Report, Chapter 2, TEEB Initiative, 2008

⁸ The we20 initiative, for example, has been established to enable everyone to have their own G20 summit to propose their own solutions to the economic crisis www.we20.org

We recognise that we must approach the crises with an attitude that sets aside blame and recrimination and focuses instead on constructive solutions. We appreciate that there are no simple answers to the complexity of the current crises. But there is one point on which everyone seems to be united: business as usual is simply not an option.

Opportunity Two - Existing Global Framework and Millennium Development Goals

The London Summit will build on the commitments made in the Washington Declaration of 15 November, 2008, which recognises the importance of the rule of law. This includes the obligations undertaken in international human rights instruments⁹ and the environmental protection commitments adopted in the UN Framework Convention on Climate Change 1992, its Kyoto Protocol 1997 and the Bali Road Map. Together with the MDGs, these commitments provide an agreed coherent framework to guide national and international economic reforms.

The realisation of human rights, particularly economic and social rights, is an indispensable precondition to economic prosperity and sustainability. Ensuring equality of opportunity and meeting the needs of a healthy, educated and empowered workforce leads to more sustainable economic growth. A human rights approach helps identify those people who are most vulnerable to the impacts of the crises as well as the entry points and levers likely to be most effective for recovery interventions. As Commissioner Jody Kollapen, Chair, South African Human Rights Commission warns *“it is essential that the power of human rights is not usurped by the rights of the powerful.”*

At the heart of building a just and sustainable global economy must be recognition of the dignity and equality of every human being, and the fundamental principles of democracy, non-discrimination, participation, accountability, transparency, and integrity. States bear the primary responsibility to protect and promote the human rights of individuals. This obligation is particularly critical in times of economic hardship when reduced export earnings or lower tax revenues lead to cuts in public spending. Governments have a legal duty to ensure that they continue to prioritise the basic services that their citizens need, seeking international assistance when required.¹⁰

The G20 have already recognised the need to support “emerging market economies and developing countries”¹¹. They have also reaffirmed their commitment to the MDGs and to maintaining the existing development assistance commitments¹². A similar undertaking was also made by the 160 states participating in the Doha follow up conference to review the Monterrey Consensus on Financing for Development, 29 November – 2 December 2009.¹³ Despite these statements, the World Bank predicts that aid flows will be reduced. This cannot be allowed to happen. States must, at the very least, honour their existing commitments.

Opportunity Three – Recognition of the Need for an Holistic Response to the Economic, Human and Environmental Crises

In the Washington Declaration, G20 members reconfirm their commitment to addressing climate change, food security, and the fight against poverty and disease as well as the current economic and financial crisis. These problems are inextricably linked and need to be addressed in an holistic manner. Social justice, environmental sustainability and economic prosperity are not three separate issues - they are inextricably linked. So each policy must be geared towards reaching the triple

⁹ These include: International Covenant on Economic, Social and Cultural rights, The Convention on the Rights of the Child, The Convention on All Forms of Discrimination Against Women, The Convention on the Rights of Persons with Disabilities, the International Convention for the Protection of the Rights of All Migrant Workers and Members of their Families.

¹⁰ *International Covenant on Economic, Social and Cultural Rights, Article 2 (1)* “Each State Party to the present Covenant undertakes to take steps, individually and **through international assistance and co-operation**, especially economic and technical, to the maximum of its available resources, with a view to achieving progressively the full realization of the rights recognized in the present Covenant by all appropriate means, including particularly the adoption of legislative measures.” [Emphasis added].

¹¹ *Declaration of the Summit on Financial Markets and the World Economy, Paragraph 7*, Washington, 15 November, 2008.

¹² *Declaration of the Summit on Financial Markets and the World Economy, Paragraph 14*, Washington, 15 November, 2008.

¹³ *Doha Declaration on Financing for Development*, December 2008

objectives of social justice, environmental sustainability and economic prosperity. A narrow response to the economic crisis cannot lead to sustainable economic growth.

Opportunity Four – Building on Existing Best Practice

There is already a considerable amount of experience proved to be successful in meeting the triple bottom line of social, environmental and economic objectives. The introduction of social principles into the World Bank provides an example of the commitment to introduce a principled approach into the global economy. The various codes of conduct adopted by the investment sector and the ethical practices of Islamic banking highlight the feasibility of incorporating values into the financial sector.

Tony Manwaring, Chief Executive of Tomorrow's Company reminds us that *"in the corporate world, there is increasing recognition that business success, human rights, equity and sustainability can, and should, be mutually supportive and reinforcing."* The Body Shop has been a pioneer in this field. For the last 30 years, it has demonstrated how business can be successful whilst promoting social justice and ecological sustainability, meeting the needs of the present, without compromising the future.¹⁴ There is a growing global consensus around the role of corporations in this regard. The recent endorsement by the UN Human Rights Council of the framework proposed by Professor John Ruggie, Special Representative of the UN Secretary General on human rights and business¹⁵ is an important step towards filling corporate governance gaps.

1.3 Arguments for Addressing Poverty and Climate Change at the London Summit as an Integral Part of Each Agenda Item

The London Summit currently has three aims dealing respectively with economic growth and jobs, reforming and improving financial sectors and systems and reform of the international financial institutions. It has been suggested by the UK Government that the discussions should include environmental concerns, the need to ensure that the benefits of sustainable growth extend to poorest sectors of our global society and the achievement of the MDGs by the target date of 2015.

In the second part of this Ubuntu Declaration, we propose how these issues should be integrated into each of the agenda items. In this section, we argue why this should be the case.

Argument One – The Economic Argument

The prosperity of economies in industrial countries is inextricably linked to economies in emerging markets and the developing world. Ensuring that the crisis does not reduce still further the per capita income of people in developing countries or adversely affect progress on MDGs must, therefore, be an essential part of any recovery plan. The macroeconomic argument demonstrates that there is a two-way link between human development and economic growth. Investment in human development promotes economic growth, and this in turn makes it easier for governments and people to invest in their own development. It would be unfortunate if industrialised economies were to forego these returns when investing so much in stimulus packages to revive the global economy.

Numerous studies have shown that investment in giving children a strong start in life can give returns of up to \$17 for every \$1 invested. Channelling fiscal stimulus packages towards children is highly effective because:

- it is targeted at those who are most vulnerable now and on whom the future depends
- it is effectively the quickest way to get money into the economy and working
- it provides the highest possible rate of return.

UNICEF

¹⁴ Body Shop Mission Statement, originally adopted in 1979.

¹⁵ Protect, Respect and Remedy: A Framework for Business and Human Rights, Special Representative of the Secretary General on the Issue of Human Rights and Transnational Corporations and Other Business Enterprises, A/HRC/8/5, UN, 7 April, 2008.

Conversely, the human crisis is likely to undermine efforts to reinvigorate the global economy, leading to a deeper recession, and further human suffering. The prospect of such a vicious circle of decline emphasises the vital importance of investing in human development as a central pillar of the recovery package. Similarly, investing in the environment brings economic gains - a source of employment and innovation.

An investment of US \$1bn in a green energy effort in the US would yield savings of US \$450mn per year from efficiency gains and reduced fossil fuel use and, in turn, would result in 592,600 tonnes in reduced CO₂ emissions between 2012-2020.

Furthermore, the US \$1bn investment would generate 30,000 jobs – representing a 20% increase in job creation from more traditional infrastructure investments.

The Green Recovery? Peterson Institute of International Economics and World Resources, forthcoming March, 2009

In South Korea, US \$ 7 billion invested in mass transit and railways over the next three years is expected to create 138,000 jobs.

A Global Green New Deal, UNEP, February, 2009

Argument Two – Moral Imperative

There is an overwhelming moral imperative to protect the lives of those most affected by the human and ecological crises we face. The UN Secretary General Ban Ki-moon warns “*It would be unacceptable that the least developed countries and the most vulnerable populations were asked to pay for the consequences of a crisis the making of which was entirely outside of their control. ... It could be the final blow that many of the poorest of the world’s poor simply cannot survive.*” At the same time, there is increasing recognition of our obligations as stewards of the environment. Initiatives such as the Earth Charter, adopted in 2000, following a decade of worldwide consultation, demonstrate the determination of the people of the world to face up to our responsibilities.¹⁶

Argument Three – Legal Obligations of States

The G20 governments are individually and collectively bound by the UN Charter¹⁷ and by the international legal obligations they have variously undertaken under human rights and environmental law. They cannot leave these obligations with their coats in the vestibule when they attend the London Summit. The obligations to ensure realisation of labour rights as well as the fundamental rights of everyone, everywhere, to adequate water, healthcare, education, housing, livelihoods and social protection, for example, are particularly critical in addressing the financial crisis and its effects.

Argument Four – The Need for Joined up Thinking

It does not make sense to say “we’ll deal with the economic crisis now and tackle the issues of environment and social issues in the longer term.” Tackling the poverty and environmental degradation that blight our age must form an essential part of the immediate response. As Mr Rasmussen, Prime Minister of Denmark, has observed “*There is no contradiction between economic growth and ambitious climate policies. On the contrary, the policies needed to address climate change are the very policies that can help to rebalance and revitalize our economies.*”¹⁸ Joined up thinking across governmental departments and across the agenda of relevant international

¹⁶ www.earthcharterinaction.org

¹⁷ Member States of the UN have agreed “to achieve cooperation in solving international problems of an economic, social, cultural or humanitarian character, and in promoting and encouraging respect for human rights and fundamental freedoms for all”.

¹⁸ Statement at the Opening of the fourteenth session of the Conference of the Parties to the UN Framework Convention on Climate Change (COP 14), Poznan, 1 December 2008

conferences is clearly required. Although the MDGs are being dealt with in a number of meetings¹⁹, and environmental issues will be addressed at the forthcoming UN Conference on Climate Change, Copenhagen, 2009, these issues also need to be addressed at the London Summit, as an holistic approach is critical to the success of a sustainable global economic recovery.

Argument Five – Enlightened Self Interest

Governments are facing pressure from millions of citizens in every continent to fight poverty and environmental destruction. The demands are so insistent that no leader can ignore these voices.

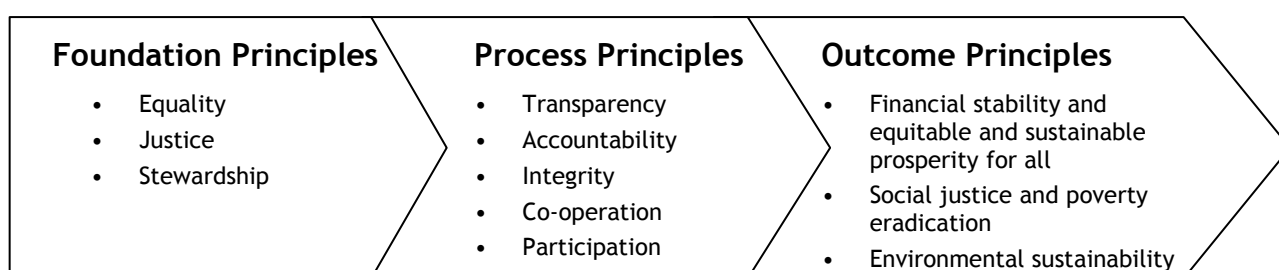
As long ago as 1984, a poll in the Federal Republic of Germany identified that 57% of voters felt personal concern over the poverty and hunger in the developing world.
Cited in World Armament and World Hunger: A Call for Action, Willy Brandt, 1986

Many countries face the risk of food riots, fuel riots and civil disturbance, and as we know at our cost, poverty and injustice provide fertile ground for terrorism. The stability and success of any country and the world's economic system as a whole will not be secure until we are able to achieve a more equitable sharing of the benefits of globalisation.

Part Two – Recommendations: Towards the Age of Justice and Sustainability

2.1 Recommendation for Adoption of Additional Guiding Principles

The Washington Declaration adopted a set of “Common Principles to Guide Financial Market Reform” comprising the key principles of transparency, accountability, integrity, cooperation and participation, which can be regarded as essential “process” principles. To these can be added “foundation” principles and “outcome” principles. The foundation principles reflect human wisdom evolved over millennia, and have been given modern expression in human rights and environmental law. The outcome principles reflect the governmental commitments made at international conferences over the last two decades. All these principles should shape reform across the three items on the London Summit agenda, and all other reform policies and programmes.



2.2 Recommendations for Coordinated Actions to Revive the Global Economy and to Stimulate Growth and Employment

“Spending more money on overseas aid will stimulate demand faster than any tax cut.”
Mr Brendan Barber, General Secretary, Trades Union Congress, UK

The past three decades have seen market-led economic policies geared towards growth which have brought unprecedented human progress. Over the same period, the world has seen increasing inequalities within and between countries. As Archbishop Desmond Tutu, Patron, Rights and Humanity, puts it: *“Today we face a new, global apartheid where the rich become richer and the*

¹⁹ such as the DFID meeting on eliminating world poverty, March 2009.

poor become even poorer. Such a system cannot be sustained - the obscene wealth of the few cannot be at the expense of the hungry and the destitute." Tackling this inequality must form an essential part of the immediate economic stimulus packages.

1) Respond with Urgency to the Immediate Human Crisis

"A new world economic order is imperative. It is now time to formulate strategies that would not only regulate the market, but also ensure social welfare."
HE Ambassador Wesley M. Johnson, Ambassador of Liberia to the United Kingdom

The primary concern of the recovery package must be to prevent loss of life and relieve human suffering. All proposals should be reviewed through the lens of the impact they will have both on people within the domestic context and on people elsewhere. For instance, preventing increased unemployment is a natural priority, but when steps are taken in industrialised countries to safeguard jobs, this must not be at the cost of equitable free trade.

The costs of the human crisis to the economies of developing countries are enough to damage global economic recovery. Addressing the human crisis must be integral to any recovery package, not just as a moral imperative but also for sound economic reasons. In responding to the urgent human needs, we must apply lessons learnt from past crises, in terms of both what works best in protecting human life and what is most effective in ensuring economic recovery. It is essential that we do not repeat the mistakes made in recent recessions, when total aid and aid for health fell.²⁰

We recommend that the following form an integral part of an immediate human rescue package:

Honouring Existing Commitments: industrialised countries must keep their promises and existing commitments with respect to ODA reaching 0.7% of GDP²¹, and their commitments to achieving the MDGs. G20 members should also consider expanding aid both on the grounds of a humanitarian imperative and as an effective contribution towards stimulating growth.

Vulnerability Fund: developed countries should each devote 0.7% of their stimulus packages to a global vulnerability fund, as called for by the World Bank, in order to support safety net programmes in developing countries; support infrastructure projects and provide financing for small and medium sized enterprises and microfinance institutions²². The vulnerability fund must be guided by human rights principles and environmental priorities.

Youth: The youth of the world, tomorrow's leaders, form a rich part of our human capital. The creativity and dynamism of youth have the potential to develop the innovations so critical at this time of crises. Losing the potential of youth will have long-term negative effects, whereas effective investment in youth livelihoods will be crucial for a successful recovery in the mid and long term. As a result, youth employment programmes should form part of economic recovery plans. Governments should set up mechanisms to involve youth in policy development. Labour institutions should be underpinned by educational systems promoting quality education. In order to facilitate rapid entry into the labour market, the cooperation between educational institutions and employers should be enhanced.²³

Women and Children: Immediate attention should be paid to protecting the rights of women and children. Women's lower employment rates, weaker control over property and resources, and their concentration in informal sectors with lower earnings and less social protection, all increase women's vulnerability in times of economic crisis. When jobs are scarce, discriminatory practices frequently lead to women being the first to be laid off. The ILO predicts an increase in the number of unemployed women to 22 million in 2009. The global unemployment rate for women could reach 7.4 per cent in 2009, compared to 7 per cent for men. Numerous studies indicate that world wide, the risk of domestic violence against women and children increases as male family members face the

²⁰ WHO

²¹ As the UK has already committed. Secretary of State for International Development, the Rt Hon Douglas Alexander, *speech Chatham House, 24 February, 2009*

²² Mr Robert Zoellick, President, World Bank, Washington, 12 February, 2009

²³ UNESCO

frustration and stress of unemployment and financial insecurity. Increasing food costs and disputes over scarce resources such as water and land lead, also lead to increased levels of violence against women. This in turn increases women's likelihood of unemployment,²⁴ impeding their contribution to a recovery. Past crises teach us that the impacts on children are severe, affecting their present well-being and their future prospects further impeding economic growth and development. Conversely, strategies aimed at supporting women and children have been proven to support the economy.

Implementing the obligations under the Convention on the Rights of the Child is a good recovery strategy in times of economic crisis.

- In response to Ecuador's financial crisis, the government increased social spending to protect the income and health care of 1.3 million families.
- The Indonesian government initiated scholarships to keep poor children in school during its financial crisis
- Ghana abolished primary school fees to help families through fuel price reforms.
- An IMF survey revealed that governments across the world have responded to crises by reducing taxes on food and fuel and at least a quarter increased spending on targeted transfers to the most vulnerable.

These are the kinds of responses that keep children fed, in school and alive.

UNICEF

Migrant Workers: Protecting the rights of migrant workers is especially important in times of recession, when they are particularly vulnerable to abuse. In addition to losing jobs, the knock-on effect of a fall in remittances compounds the global recession. States should ensure that migrant workers' rights are protected in accordance with the International Convention for the Protection of the Rights of All Migrant Workers and Members of their Families, particularly the provisions of Article 54 concerning protection against dismissal, unemployment benefit, access to public work schemes intended to combat unemployment, and access to alternative employment in the event of loss of work. States that have not yet done so, should ratify this Convention as soon as possible.

Multi-stakeholder Cooperation: a coordinated response is essential to maximise the synergy between governmental, UN and NGO activities.

Additional Recommendations: the human rescue package should also include:

- maintaining or increasing national spending on health, education, water, sanitation, infrastructure and other vital public services and an accelerated response to AIDS to save lives and protect human capacity for future generations
- protecting the rights of vulnerable people e.g. people with disabilities and minorities.²⁵
- strengthening existing social safety nets and supporting the creation of necessary additional measures and targeting cash transfers to poor families to help them feed their children, keep them in school and keep them healthy²⁶
- investing US\$1.8 billion to refinance microfinance institutions threatened by the crisis²⁷
- providing low or zero interest loans for developing countries as proposed by the World Bank,²⁸ and increasing debt forgiveness to highly indebted developing countries, ensuring that the saved settlement payments are reallocated to social programmes
- establishing human rights and gender audits, and environmental impact assessments of all stimulus packages.

²⁴ *Unemployment Among Women: Examining the Relationship of Physical and Psychological Intimate Partner Violence and Posttraumatic Stress Disorder*, Rachel Kimerling et al, Journal of Interpersonal Violence, Sage Publications, California, USA, 2008

²⁵ In accordance with, for example, The Convention on the Rights of Persons with Disabilities and International Convention on the Elimination of All Forms of Racial Discrimination.

²⁶ DFID cites evidence from at least 20 countries shows that they are useful in responding to the needs of the poor

²⁷ The World Bank is already making US \$ 500 million available

²⁸ The Global Economic Crisis: Assessing Vulnerability with a Poverty Lens? World Bank Policy Note, Washington, February, 2009

2) Invest in Women's Economic Empowerment

"Achieving the realisation of women's rights is not just a moral imperative, but also essential for economic progress. There is now compelling evidence, for example, that investment in the education of girls is the best investment any society can make."
Cherie Blair, Patron, Rights and Humanity

Experience across the world demonstrates that unleashing the power of women has the potential to transform the global economy, and that investing in girls pays a double dividend. Investment in the education and empowerment of women and girls should form a priority for spending the recovery stimulus packages. Bearing in mind the costs of gender inequality, donor and recipient states should repeal laws which restrict women's access to credit and the ownership of land or other property. There is also a need to strengthen the economic participation of women in industrialised countries where women remain under-represented at senior levels in banks and financial and trading institutions.²⁹ We recommend that all stimulus packages are reviewed from a gender perspective.

Limited education and employment opportunities for women in Africa reduce annual per capita growth by 0.8%. Had this growth taken place, Africa's economies would have doubled over the past 30 years.

APF Support Unit and the NEPAD Secretariat

An analysis of 109 countries for the period 1960 to 1992, shows a strong association between a country's gender inequality in access to education and reduced economic growth. The research shows, taking into account other factors, that countries in South Asia, the Middle East and Africa could have experienced higher economic growth rates since 1960 (up to 0.9 % per year faster) if they had achieved better gender balance in education.

Meeting our every needs: young people's Reflection on the National Economic Empowerment and Development Strategy (NEEDS), Nigeria, March 2007

There is evidence that for girls, one extra year of education beyond the average can boost their earnings by 10-20%. Girls' education also decreases infant mortality - by 8% for each year the mother stays in school. In Africa, children are 40% more likely to live beyond 5 if their mothers had 5 years of primary school.

UNICEF

3) Adopt a Global Green Economy

"Let ours be a time remembered for the awakening of a new reverence for life, the firm resolve to achieve sustainability, the quickening of the struggle for justice and peace, and the joyful celebration of life."

Earth Charter

It may be thought that in the face of a global economic recession it would be a luxury to consider adopting policies to reduce carbon dependency and environmental degradation. But unless the recovery initiatives address these challenges alongside poverty, their ability to avert future crises will be short-lived.³⁰ The financial crisis provides an ideal opportunity for governments to adopt the Global Green New Deal proposed by UNEP and others. There is now a cumulative worldwide total of US \$2.5 trillion committed to fiscal spending to re-inflate demand. Just one-third of this sum would be sufficient to kick-start a green economy. As the UK Government has argued, moving to a low carbon economy will make us all stronger and more resilient. We will have greater energy security and be less vulnerable to fossil fuel price shocks, businesses and households will save money through energy efficiency, and the growth of the low carbon economy will be a source of employment and innovation.³¹

²⁹ One research study indicates a link between stock market "bubbles" and the testosterone levels in young male traders which can lead to excessive and irresponsible risk taking. Conversely, the stress hormone, cortisol, leads to undue risk aversion, which could accelerate a market fall. The study calls for more women or older men on the trading floor in order to achieve greater stability in financial markets. *Endogenous Steroids and Financial Risk Taking on a London Trading Floor*, J.M. Coates et al, Cambridge University, Nov 2007.

³⁰ *A Global Green New Deal*, UNEP, February, 2009

³¹ Rt Hon Lord Malloch-Brown, KCMG, PC, the UK Minister for Africa, Asia and the UN, Rights and Humanity Emergency Congress,

Removing subsidies in the “brown” economy, such as the US \$300 billion annual US subsidies on fossil fuels, would begin to stabilise the catastrophic trend of climate change. Ending agricultural protectionism would lead to an estimated reduction in global poverty of as much as 8 per cent.³²

An immediate and large scale programme to expand energy conservation and renewable energy supply in the European Union could create 1 – 2 million full time jobs.

More than 3.8 million jobs could be created globally through the production of vehicles with high fuel efficiency, hybrid and alternative fuel use and low emission technologies, and up to 19 million additional ancillary jobs worldwide in fuel refining and distribution, sales, repairs and services.

With a Green New Deal improved efficiency and job creation would occur through:

- Sustainable buildings - both retrofitting and new developments
- Sustainable transport - improving efficiency; shift from private to public transport; investment in new technology; creation of large-scale sustainable transport networks
- Renewable energy – increased investment; innovative schemes such as Grameen Shakti in Bangladesh where the employment and economic benefits are well documented
- Sustainable farming practices – including repairs to waterways and irrigation systems in developing countries which would provide jobs to millions.

A Global Green New Deal, UNEP, February, 2009

Additional Recommendations – the immediate response should also include:

- avoidance of protectionism as underscored in the Washington Declaration³³
- creating robust regulatory requirements at the national and international levels and financial incentives that will encourage environmental stewardship and internalize externalities³⁴
- recognising the importance of participatory environmental stewardship, for example, working with indigenous peoples to make forests more resilient and with fishermen on the coral triangle to make coral reefs healthier³⁵
- greater investment by governments, utilities, regulators and the private sector in existing energy efficient technologies, green jobs and research into renewable energy
- creating an investment and innovation fund for green technologies to attract responsible investment and provide technology transfer and adaptation strategy for developing countries
- supporting developing countries to industrialise sustainably and escape poverty through trade in goods rather than a reliance on natural resources³⁶
- introducing into all inter-governmental organisations performance standards that require compliance with social justice and environmental standards in all procurement contracts, along the lines of the Equator Principles guiding Project Finance
- reaching agreement on a global carbon market at the Copenhagen Climate Conference³⁷

4) Strengthen the Contribution of the Private Sector

At Doha, 2008, states agreed that facilitating a well functioning, socially responsible private sector is a valuable instrument for generating growth and reducing poverty.³⁸ The economic crisis has shown

³² 24 February, 2009. The UK has proposed that every new building after 2017 will be zero carbon.

³³ *Global Economic Prospects*, World Bank, Washington, 2009

³⁴ Paragraph 13, Declaration of the Summit on Financial Markets and the World Economy, 2008

³⁵ For instance, the use of personal automobiles has well-known negative externalities. These externalities can be charged through a variety of ways – taxes on fuel, taxes on road use, and taxes on automobiles and so on.

³⁶ World Wildlife Fund

³⁷ “Breaking in and Moving Up: New Industrial Challenges for the Bottom Billion and the Middle Income Countries.” Industrial Development Report 2009, UNIDO, 2009

³⁸ December, 2009

³⁸ *Doha Declaration on Financing and Development*, December, 2008

that the rules, customs and institutions in which markets have been embedded are inadequate to the task of meeting existing governance gaps.

“There is a need for sound governance in all parts of society, governments and companies included. This needs the involvement of all sectors of society.”

Sir Mark Moody-Stuart, KCMG, Chairman, Anglo-American Plc

Actions to revive the global economy should include:

- reforming rules and incentive structures that permit unacceptable behaviour e.g. international arbitration of investor-state agreements, which increasingly relate to investments that have a major public interest (water provision, land use, and deforestation) in which decisions are made on the basis of commercial and investment law without reference to human rights or environmental law and which exclude public scrutiny³⁹
- maintaining public and private spending on capacity building and enterprise development⁴⁰
- strengthening regulatory frameworks for corporations which require compliance with core minimum standards, but beyond this do not restrict business creativity, and which eliminate the legal and governance gaps which provide the permissive environment for harmful acts by companies without adequate sanctions or reparation
- strengthening multi-stakeholder partnerships between business, civil society, labour and governments in standard setting and monitoring
- promoting wider adoption of, and compliance with, corporate responsibility standards and measurement criteria, such as the UN Global Compact, the Global Reporting Initiative, the Kimberly Process, the UK and US-led Voluntary Principles on Security and Human Rights, and the Extractive Industries Transparency Initiatives.

2.3 Recommendations for Reforming and Improving Financial Sectors and Systems

“We must create a new international financial architecture for the global age.”
Prime Minister, the Rt Hon Gordon Brown

Reform economists have long argued that markets need to be regulated in ways that serve social goals, recognising people as more than simply economic beings, producers or consumers.⁴¹ Implementation by all stake-holders of the “Common Principles to Guide Financial Market Reform” adopted in the Washington Declaration, including transparency, accountability and integrity, is essential in rebuilding the trust and confidence necessary for an effective financial market.

The reformed system should ensure that those who receive the profit should also bear the risk. The regulatory machinery of the financial sector needs a thorough overhaul at national and international levels, ensuring that there is effective external regulation. As Sir David King warns: *“Don’t put the goats in charge of the vegetable garden.”* Transparency is critical to strengthened accountability.

Additional recommendations:

- The financial crisis has had widespread impact on the lives of millions of people. The public should therefore be enabled to make their voice heard in the reform process. Consideration should be given to the use of the internet and other collaborative technologies.
- Commercial banking must be regulated to return to more responsible lending practices based more on available savings and investment
- There is an urgent need to move from a debt-based economy to one based on sustainable assets and to regenerate the flow of productive credit rather than speculative credit. More ethical models of lending should be explored such as those employed in Islamic banking.

³⁹ Caroline Rees - Director, Governance and Accountability Program, Harvard University, former Chair of UN negotiations leading to creation of mandate of UN Special Representative to the Secretary General on business and human rights

⁴⁰ For example, whilst Anglo American plc has recently had to make 19,000 people redundant, it has created 13,000 jobs through enterprise development schemes, as a sound business proposition.

⁴¹ *Rethinking Macroeconomic Strategies from a Human Rights Perspective*. R. Balakrishnan, D. Elson & R. Patel, 2009

- Consideration should be given to introducing business-to-business complementary currency systems, such as the Swiss WIR Bank (Wirtschaftsring-Genossenschaft) which has proved to remain effective in times of general economic crisis.
- Laws prohibiting tax evasion should be strictly enforced, and resort to tax havens curtailed.
- Compensation structures at banks need to be reviewed, including a review of the bonus system, with a view to introducing measures to cap bonuses where appropriate, particularly in institutions or departments incurring economic loss.
- Banks should be required to pay into a stabilisation fund in the good years. The fund should be used to bail out contributing banks in times of crisis.
- The wider adoption and strengthened implementation of the Equator Principles by banks should be encouraged in order to require compliance with social responsibility and environmental standards as conditions for loans for project finance.

2.4 Recommendations for Reform of International Financial Institutions

The current international crisis has highlighted the urgent need to reform the governance and practice of the IFIs and establish an equitable, transparent and democratic global economic system which serves the interests of all countries and strengthens participation of developing countries in international economic decision-making and regulation.

Governance Reform: Reform of the governance structures of the World Bank and IMF needs to be accelerated to include more representatives from emerging economies and developing countries.⁴²

Human Rights and Environmental Responsibilities: Compliance of the IFIs with human rights and environmental standards should be strengthened. Board members should recognise that they carry their human rights and environmental obligations with them into the governance of the IFIs and that these responsibilities must be taken into account in all policies and programmes. Transparent mechanisms should be introduced to ensure adequate impact assessment and accountability in this respect. The governing boards and secretariats of the IFIs should consider adopting the Foundation, Process and Outcome Principles proposed in the current Ubuntu Declaration.

Increased Resources and their More Effective Use: Substantially more funds should be made available to the IFIs to enable them to meet current and projected needs. The IMF and WB lending instruments should be reformed to strengthen their ability to respond quickly to crises.

Expansion of Innovative Financing Mechanisms: The International Finance Facility, Climate Investment Funds, Global Clean Energy Cooperation, and other innovative financing mechanisms should be expanded to fund key elements of the green recovery package. Trade finance facilities for developing countries should be substantially expanded, with a particular focus on green initiatives and on cushioning the impact of the crisis on the poorest countries through increased trade credit.

Doha Round of WTO: Efforts should be taken to ensure an equitable conclusion of the WTO Doha Development Round to support the needs of developing countries and the rights of their citizens.

Increased Debt Relief and Curb on Illicit Outflows: Debt relief should be expanded as part of the global economic recovery package in order to help redress the imbalance between the financial inflows and outflows of developing countries. Inflows are US \$ 857 billion, contrasted with outflows of US \$ 1,205 billion, of which US \$ 456 billion is debt repayments and US \$ 619 billion comprise illicit outflows.⁴³ Urgent action should be taken to stem this illegal flight of capital.

⁴² At present, the USA, the world's largest debtor, controls 17% IMF votes whilst China, the world's largest creditor, controls only 3.66%. *More Advice for Summitemers on Reforming the Global Casino- Ethical Markets*, Dr. Hazel Henderson, paper for Emergency Congress "Ubuntu: From Crisis to a Just and Sustainable World Economy", February, 2009.

⁴³ DFID. Broken down these are Inflows: ODA US\$84 billion, FD1 US\$226 billion, Net loans US\$ 30 billion, Remittances US\$ 167 billion. Outflows: Debt US\$456 billion, Profits from FDI US\$ 130 billion, Illicit outflows US\$ 619 billion, cited by UNESCO

Part Three – Call for a New Economic Paradigm

“At the heart of the financial crisis, poverty and climate change we find human greed. This is a moral issue.”
Archbishop Emeritus Desmond Tutu, Patron, Rights and Humanity

We recognise our own complicity in the consumerism of our age, and accept that in affluent societies we have overindulged ourselves at the cost of many others. We understand that it is essential that we break our addiction to unjust and unsustainable growth and must stop over-consuming our resources and despoiling our environment.

We need a healthy economy in order to maintain the public services and job markets necessary for human development and to enable people to achieve their full potential. But it seems that we have been treating economic growth as an end in itself. Conversely, we have treated the environment as if it were a means to the end of profit, leading to wide-scale destruction of the Earth’s limited resources. We should rather treat protection of the environment as a common goal. There are increasing numbers of people calling for an urgent and profound change in our economic system, calling for the usurious debt-based economy and the unjust land ownership of the past to be replaced by a focus on equity. Many consider the current economic breakdown as an early warning of the meltdown of the planet’s resource base and warn that a sustainable economic system is totally dependent on re-establishing the global environmental life-support system.

“ The economic breakdown is the canary in the coal mine of the global ecology. Blood transfusions for dying canaries is the current economic concern. It is time to get out of the coal mine and into the sun.”
David Wasdell, Apollo-Gaia Project

Need for a Cultural Change

“We are trying to navigate uncharted and turbulent waters with an old and defective economic compass and this is affecting our ability to forge a sustainable economy in harmony with nature.”
Pavan Sukdev, Team Leader TEEB Initiative

The world clearly needs a change, not just in regulation and in law, but in how we live our values and conduct our lives. We need to give priority to meeting the human needs of everyone, rather than pampering to the wants of a few. The current crisis is the chance to take stock and put in place the foundations for a better, fairer and sustainable future for all and to build a new economic paradigm that delivers social justice and environmental protection alongside financial and economic goals. It is clear that we cannot continue to promote exponential growth. Julia Häusermann, MBE, Founder and President of Rights and Humanity, calls for a vision that unites us all:

“a vision of a world in which every child, woman and man can enjoy their fundamental human rights and everyone can achieve their full potential; a world where life in all its forms is revered and everyone observes their responsibility of stewardship for our shared environment; where our public, corporate and individual actions are guided by ethics and a shared sense of responsibility. We need to be pragmatic – working together to achieve this shared vision.”

For too long, economic theory has regarded externalities as unimportant. Environmental protection and social justice have frequently been left out of the economic equation. But the current crisis is teaching us that when we lose these externalities, such as trust between banks, there are costs to pay. As Archbishop Tutu reminds us, we have tended to be embarrassed by compassion and caring as things that were inappropriate in the harsh, callous world of business. Yet it is these very externalities that we should value.

“Whether you believe in God, or destiny or the invisible hand of fate, someone, or something, is sending us a message. Change before it is too late, because the whole future of humanity is currently at stake.”
Chief Rabbi, Sir Jonathan Sacks, Patron, Rights and Humanity

The new economic paradigm needs to be shaped from the perspective of human rights and environmental responsibilities, firmly rooted in equality, justice and stewardship. It must ensure equality between men and women, and equity between majorities and minorities and engender generosity rather than greed. It should draw on the wisdom of our world’s religions and the

stewardship practices of indigenous peoples. The new paradigm should be based on shared responsibility and collaboration between North and South, rich and poor, religious and secular.

"The old orthodoxies will not serve us well in the future. We've got to think the previously unthinkable, we've got to do what was previously undoable."
The UK Prime Minister, the Rt Hon Gordon Brown

A new global economic paradigm would allow for better global policy coherence, clearer international priorities and closer and more effective collaboration and co-ordination. All instruments of the economy, be they policy, tax, incentives, regulatory or other mechanisms, need to be aligned to this new understanding of what society considers to be of "value".

"We must never lose sight of the fact that the numbers and statistics are about human beings. Wealth must be redefined in terms of human well-being, not only dollars or dinars."
HRH Prince El Hassan bin Talal of Jordan, Patron, Rights and Humanity.

The new paradigm needs to be supported by a new set of measures rather than the narrow scope of GDP. Indeed, the creators of this form of national accounting were aware of its limitations⁴⁴ and it has long been criticised.⁴⁵ New criteria could include equality, human wellbeing and ecological impact. We should measure the wealth of a nation by the totality of its social and productive wealth – combining measurement of its manufactured capital, human capital, natural and environmental capital and institutions and cultural capital. There are already a number of examples of qualitative measures being used. For instance, UNDP has developed indicators for measuring "human development" as opposed to economic development⁴⁶ and since 1972, Bhutan has been measuring Gross National Happiness, in an attempt to define quality of life in more holistic terms.

The Benefit of Experience

As we take these bold steps towards a new economic paradigm we have the opportunity of adopting best practice from across the public, private and civil society spheres, proven to be successful. Models of corporate social responsibility, social business enterprises, green economy initiatives, ethical banking practices, micro-credit schemes, women's economic empowerment, approaches once dismissed as "fringe", have much to teach us (see Annex). What these various initiatives share is being rooted in the core ethical principles of equality, justice and stewardship.

Possibly the most difficult aspect of tackling the crises facing the world, is the necessity for us to change our own way of life and to learn to share and to cooperate more across the public, private and civil society sectors. Sceptics might agree with the American poet W.H. Auden who wrote "We would rather be ruined than changed". But as Ms Sheila Sisulu, Deputy Executive Director of the WFP recalls:

"Last year we proved our effectiveness as a global community to combat hunger in times of crisis. Nations such as China and India poured millions of dollars into their own food security infrastructures, in addition to the OECD response. WFP undertook a huge emergency scale-up and reached 100 million people. The African Union, the World Bank, regional banks, FAO and the entire UN system joined with nations and NGO partners and others to respond. We can do this."

Indeed we can. Indeed we must. As the French Jesuit priest and philosopher Pierre Teilhard de Cardin expressed it:

"Some day, after we have mastered the winds, the waves, the tides and gravity we shall harness the energies of love. Then, for the second time in the history of the world, man will have discovered fire."

⁴⁴ "the 3 pillars on which analysis of society ought to rest are studies of economic, socio-demographic and environmental phenomena" *The Accounts of Society*, Sir Richard Stone, Nobel Memorial Lecture, 1984.

⁴⁵ For Instance, Mark Lynas: "In a masterstroke of creative accounting, conventional economic therefore .. counts the depletion of resources as an accumulation of wealth. This is analogous to an individual spending all the money in their current account and counting it as "income" – an absurdity, but one which underpins our entire economy." *Six Degrees: Our Future on a Hotter Planet*, Harper Perennial, London, 2007.

⁴⁶ See annual Human Development Reports, UNDP.

Annex: Good Practice Examples

- the adoption of responsible investment practices and the experience of Islamic and other ethical banking practices
- corporate social responsibility and the triple bottom line business model, which gives equal weight to economic prosperity, environmental stewardship and social responsibility such as the model pioneered by the Body Shop
- multi-stakeholder partnerships setting standards and measurement criteria such as the UN Global Compact, the Global Reporting Initiative, the Kimberly Process for combating “conflict diamonds”, the UK and US-led Voluntary Principles on Security and Human Rights, the Extractive Industries Transparency Initiatives
- introduction of Performance Standards in 2006 by International Finance Corporation adopted by Equator Principles banks which require compliance with social responsibility and environmental standards as conditions for loans for Project Finance
- the sustainable stewardship and reverence for life practiced by indigenous peoples all over the world in recognition that humanity is the trustee of the environment for the benefit of all and for future generations
- initiatives to strengthen women’s economic empowerment, such as micro-credit, education and law reform to ensure property rights on the basis of equality with men
- equitable economic initiatives such as fair trade, community bartering schemes, targeted cash transfers, cooperatives and other participatory models of ownership
- micro-credit pioneered by the Grameen Bank. Micro-credit initiatives are now providing access to credit for poor people around the world, with a particular success rate in providing economic empowerment for women. For example, Women’s World Banking, a network of micro-finance institutions and banks around the world. It aims to expand the economic assets, participation and power of poor women as entrepreneurs and economic agents, by opening their access to finance, knowledge and markets. www.swwb.org. Kiva is the world’s first person-to-person micro-lending website, empowering individuals to lend directly to entrepreneurs in the developing world www.kiva.org.
- green economy initiatives, such as those involved with renewable energy, both providing jobs and contributing to the protection of the environment
- social business enterprises, such as the partnership between the Grameen Group and Groupe Danone which is aimed at providing nutritious products to the poor and maximising benefits to the people served, without incurring losses, rather than maximising profits
- rights-based constitutions, such as the South African Constitutional protection of economic and social rights and the Ecuadorian Constitutional protection of the rights of nature
- good governance models and the implementation of a human rights approach to development by UN agencies, governments and NGOs
- community-centred democratic processes, such as those adopted in Curitiba, Brazil
- innovative public/private partnerships such as that between the UN and pharmaceutical companies concerning access to anti-retroviral drugs
- capacity and governance building projects such as the Investment Climate Facility Launched at the Gleneagles Summit to help governments in Africa address bottlenecks in investment and business
- global consensus documents such as that developed by the Put People First coalition, the current Ubuntu Declaration and the Earth Charter. Put People First is a coalition of development charities, trade unions, faith groups, environmentalists and other organisations that has been formed to call for a sustainable, fair route out of recession. They have three main platforms: jobs, justice and climate.
- the recently established we20 initiative established to enable everyone to have their own G20 summit to propose their own solutions to the economic crisis www.we20.org.
- there are also some innovative suggestions which have not yet been tested but which provide useful models for the future. For instance, proposals to finance house purchase without debt obligations. In such a scheme, the financing institutions and purchasers would share the risk and ownership of the property in proportion to the amount they each contribute. The property would then be let either to the purchaser or a third party at market rent with the purchaser retaining the right to increase his/her share at any time. In this way a purchaser can gain ownership of a property, or a proportion thereof, without the onerous burden of debt. (Mr Tarek el Diwany - *Zest Advisory LLP, London, Founder, Islamic-Finance.com*).