

## STATEMENT ON THE GLOBAL FINANCIAL CRISIS

The financial crisis deeply affecting the world today was paramount in the discussions of the Socialist International Presidium when it met at the United Nations headquarters in New York on 26 September 2008, in connection with the 63rd session of the United Nations General Assembly.

For the global social democratic movement the warning signs of the massive failure of the current international financial system have been all too evident, as the Socialist International has stated on numerous previous occasions. Laissez-faire policies were at the centre of an economic model which has been operating for the last three decades with no moral compass, and in which irresponsible greed has gone hand in hand with poor political management as well as inadequate or a lack of regulatory policies. Within the current system of governance a few have been taking decisions at the financial level affecting millions of citizens in a context where politics and accountability have been absent or downgraded.

The dominance of speculative markets combined with unregulated financial systems have led to unsustainable policies founded not on real economic growth but on money creating money.

For the global social democratic movement, the current times are a defining moment, one in which real priorities and alternatives must now be placed at the centre of the political agenda to guide us out of this crisis. This is not an era of change but instead a change of an era, and financial, economic, social and environmental concerns have to be integrated in a progressive political roadmap which should put people first.

A new paradigm and real solutions should be based on a strengthening of global partnerships in North-South and regional dimensions, reinforcing the legitimate political process across borders to tackle interrelated problems, such as rising food prices, higher energy costs and coping with natural disasters. Equally they must redress the social and economic imbalances and respond to the real needs of citizens with regard to health, social security, education and decent work. To achieve these goals there needs to be a policy coherence, and not policy conditionality, as had been the case for instance with developing countries for too long.

The collapse of neoliberal policies presents two specific challenges that need to be overcome. Firstly, the responses to the crisis should not repeat the same ill founded concepts of the past, and secondly, their collapse will not necessarily lead to a strengthening of progressive politics, but could see the emergence of extremist far right policies caused by fear and marginalisation. The Socialist International, therefore, is committed to moving forward a global vision of responsibility, politics and regulation which should not lead to the continued privatisation of profit and the socialisation of losses, and which should regain the confidence of citizens with transparent and sustainable financial governance to include the establishment of a World Financial Organisation.

The International, in its ongoing support for the achievement of the Millennium Development Goals (MDGs) highlighted at this current session of the United Nations General Assembly, underlined the urgent need not to detract from their realisation in the midst of this worldwide financial instability. The Presidium calls for concrete results to be produced at the Financing for Development Conference to be held in Qatar later this year, as the world community is in danger of regressing in its efforts to tackle poverty and global inequalities.

With the specific purpose of setting out guidelines and a roadmap out of this financial crisis, the Presidium agrees the establishment of a Socialist International Commission on Global Financial Issues to present clear and timely proposals reasserting the role of progressive politics in building a fair, viable and humane economy for all the world's citizens.