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Global Ecumenical Conference on a New International Financial and Economic Architecture 29 September - 05 October 2012, Guarulhos, Brazil

Statement

From its inception the ecumenical movement has critically engaged with issues of economic and social justice. The current global economic crisis, which also affected rich economies in 2008 and has thrown millions of people across the globe into poverty, caught our special attention. In response, the World Council of Churches (WCC) addressed letters to the United Nations and the Group of 20, calling on governments to tackle systemic greed and inequality. In 2009, the WCC issued the statement on “Just Finance and the Economy of Life” calling for an ethical, just and democratic international financial regime “grounded on a framework of common values: honesty, social justice, human dignity, mutual accountability and ecological sustainability.” In 2009, as part of the commitment to live out the Accra Confession, the Uniting General Council Meeting of the World Communion of Reformed Churches (WCRC) called upon its members, in partnership with the WCC and other ecumenical bodies, to prepare an international ecumenical conference to propose a financial and economic architecture that:

- *is based on the principles of economic, social and climate justice;*
- *serves the real economy;*
- *accounts for social and environmental tasks; and*
- *sets clear limits to greed.*

Sharing a deep commitment to promoting justice in the economy and the Earth and recognising the need to work together to have a meaningful impact, the WCC, WCRC and Council for World Mission (CWM) convened the Global Ecumenical Conference on a New International Financial and Economic Architecture to engage diverse proponents, set criteria and framework and develop a plan of action towards constructing just, caring and sustainable global financial and economic structures.

We, economists, church leaders, activists, politicians and theologians gathered in Sao Paulo, Brazil between the 29th of September and the 5th of October 2012 to envision together an alternative global financial and economic architecture. The gathering was a response to and continuation of the decades of work around issues of economic, social and ecological justice with which the WCRC, WCC, CWM, and the Lutheran World Federation (LWF) have been involved. The visions and the criteria for a new financial and economic architecture and the alternatives that are expressed in this document therefore build on the Accra Confession of the WCRC,[\[1\]](#) the Statement on Just Finance and the Economy of Life and AGAPE Call of the WCC[\[2\]](#) as well as the theological statement of Mission in the Context of Empire of the CWM.

The 2008 global financial and economic crash increased poverty and unemployment among millions in the global North and worsened and deepened poverty, hunger and malnutrition among even larger numbers in the global South, already experiencing decades of poverty and deprivation caused by injustices in international financial and economic relations. A system of speculation, competition and inadequate regulations has failed to serve the people but instead has denied a decent standard of life to the majority of the world's population. The situation is urgent!

Critical theological reflection on the material and collective bases of life has been intrinsic to the call to be faithful Disciples of Christ and has expressed itself through theological contemplative praxis that has sought transformative liberation from unjust socio-political, cultural and economic structures, therefore promoting the fullness of life for all creation.

Modernity has however, brought with it an economic model based on profit and self-interest disconnected from faith and ethics. This has led to the ideological justification of colonialism, the despair of poverty and inequality, and the violence of economic and ecological devastation as well as the reluctance of some churches to discern the signs of the times and engage with the realities of a dehumanising dominant world order that perpetually discriminates and oppresses those with whom God sides, the poor, the downtrodden, the disadvantaged and the oppressed.

The immersion visits in Sao Paulo exposed the narratives of the homeless, the single mother, the widow, the orphan, the addict, just some of the disenfranchised, a visible encounter with those of whom society has left on the periphery. Patriarchal perceptions, racist subjugative ideologies, anthropocentric domination and discriminative comprehensions of the human hierarchal order induced by the sin of neo-liberalism, supported by heretical theology which justifies it and legitimized by the idolatry of imperial globalization have perverted relationships between God, humans and the Earth.

The God of the oppressed calls us into an alternative imagination which has to emerge from the margins, from those who have been left out of socio-political and economic decision making but are the first to suffer its consequences.

We therefore seek a transformative theological praxis which not only delegitimizes, displaces and dismantles the present social and economic order but also envisions alternatives which emerge from the margins. There is therefore a requirement for an active radicalizing of our theological discourse that no longer allows for too much power to be placed into capitalist ideologies that has resulted in an inability of thinking beyond existing financial and economic structures.

This alternative imagination has to be derived from our spiritual and theological convictions. Therefore employing liberative theologies that respond to concrete systematic struggles, inclusive of feminist, womanist, mujerista, eco-feminist, Latin American liberation, black, ecological, post-colonial, grass-roots, minority and public theology and indigenous spiritualities. The list of hermeneutical lenses of suspicion and retrieval required to bring about transformative change goes on to be as extensive as the list of those who have been downtrodden and persecuted by the dominant economic world order.

We lament the manner in which economic and financial legislation and controls are biased in favour of the wealthy. We therefore affirm the God of justice for all the oppressed (Ps 103:6). We call for a system of just legislation and controls which would facilitate redistribution. Therefore we reject Empire^[3] and our complicity with all systems of death, inclusive of militarism, and affirm movements of social concern and other radical traditions that are a rejection of Empire and seek to build life in community outside of the logic of hierarchy and discrimination.

We reject political and military offences in the name of neo-liberalism that threaten human security and result in massive violations of human rights.

Therefore we reject the explosion of monetization and the commodification of all of life and affirm a theology of grace which resists the neo-liberal urge to reduce all of life to an exchange value (Rom 3:24). Means have become ends, instruments have become the coercion of facts.

We reject an economy that is driven by debt and financialisation in favour of an economy of forgiveness, caring and justice and declare that debt and speculation have reached their limits. We affirm the words of the Lord's Prayer in which we pray to have our own debt forgiven in the same manner as we forgive the debts of others (Matt. 6:12).

Therefore we reject the ideology of consumerism and affirm an economy of Manna which provides sufficiently for all and negates the idea of greed (Ex. 16).

We reject increasing individualistic consumerism by affirming and celebrating diversity and interconnectedness of life. We further affirm that wholeness of life can only be achieved through the interdependent relationships with the whole of the created order. The idea of a Triune God acts as a

challenge to individualism, discrimination and exclusivity; it is a doctrine which calls us into life of equality in community and requires an active response that affects the whole of humanity.

We therefore exclude notions of exclusivity based on the morality of the diversity of the cosmos by promoting and affirming the need for interfaith dialogue. A praxis of connectivity enabling a wider dissemination of spiritual resources gathered from faith communities, inclusive of the Qur'an's insistence on the rejection of interest, the valorisation of moral banking and concentration on the real economy, as well as the Islamic injunction on limits to consumption which is expressed through the idea of Ramadan and fasting, which resonates with how many Christians around the world practice lent.

We reject an economy of overconsumption and greed, recognising how neo-liberal capitalism conditions us psychologically to desire more and more, and affirm instead Christian and Buddhist concepts of an economy of sufficiency which promotes restraint (Lk 12:13-21), highlighting for example the Sabbath economy of rest for people and creation and the Jubilee economy of redistribution of wealth.

We reject the economic abstraction of Homo Oeconomicus that constructs the human person as being essentially insatiable and selfish and affirm that the Christian perception of the human person is embedded in community relationships of Ubuntu^[4], Sansaeng, Sumak Kawsay^[5] conviviality and mutuality. Contrary to the logic of neo-liberals, as believers we are called to think not only of our own interests but also of the interests of others (Phil 2:4).

We acknowledge our role in the destruction of the Earth's resources and the impact this has had on the vulnerable nations in the south and we continue to seek forgiveness through practical actions and solutions mitigating against ecological destruction.

We affirm ourselves as prophetic witnesses, as we have seen the injustices and structural violence of our age and those of a history of domination. We have discerned the signs of the times in the light of our calling as disciples of Jesus. Therefore we seek to overcome capitalism, its nature and its logic and establish a system of global solidarity. We search for alternatives, for just, caring, participatory and sustainable economies such as a solidarity economy and gift economy.

We affirm that the only choice that Jesus offers us is between God and Mammon (Matt. 6:24), as those who desire to be faithful followers; we have no choice but to do justice, love mercy and walk humbly (Mic. 6:8).

Therefore we present the following criteria and framework.

Criteria and framework

We are called to find a new and just international financial architecture oriented towards satisfying the needs of people, realising all economic, social and cultural rights and human dignity. Such architecture must be focused on reducing the intolerable chasm between the rich and the poor and preventing ecological destruction. This requires a system that does not serve greed but which embraces alternative economies which foster a spirituality of enough and a lifestyle of simplicity, solidarity, social inclusion and justice.

Overcoming greed. The drive to consume is a culture of greed that destroys all of God's creation. The economic activity of the last five centuries has caused massive ecological destruction. Over the years, big businesses, governments and multinational corporations have been reckless through policies and practices of unlimited growth which have led to pollution, destruction of forests, overproduction and alienation of the poor and farm workers from the land. Natural resources are limited, and the human ecological footprint already surpasses the Earth's bio-capacity. Individual self-interest and long-term social welfare are not necessarily compatible, and market mechanisms do not lead to an optimal social distribution. Therefore, political regulation is required in order to optimise sustainable social welfare.

Social inclusion. There is a distorted definition of anthropology in neo-liberalism in which Human beings are defined by financial and economic value and not by their intrinsic dignity as persons created in the image of God. This anthropology has nested in humanity, colonising our mind and our dreams. This definition leads to racism, sexism and other forms of categorisation, exclusion and oppressive behaviour. This is a sin against God, humanity and all creation.

Gender justice and ecological justice. We need an economy that recognises the link between gender justice and ecological justice. The degradation of the land and Earth has dire consequences upon the lives of the marginalised, especially the poor, the women and children in poor countries. Land is tied closely to women both physically and symbolically. Physically, women till the land and walk miles for water for their families. Symbolically, the sufferings of the land are likened to the pains and groans of a woman at childbirth (Romans 8:22). To put it differently, the 'economy of care' for the Earth cannot be separated from the issue of justice for all of God's creation.

Hope. We are committed to affirming existing alternatives to neo-liberal capitalism. Persons living in poverty, deprived by neo-liberal financial systems, have demonstrated that alternative life-giving economies are alive, impacting millions of indigenous and grassroots people. It is to these initiatives that we must turn to for a criterion that truly speaks to an alternative. Throughout the world people's movements resist the temptation to surrender to a death-dealing economic system. At the same time, many poor and marginalised survive through a variety of systems which, even though not recognised by big business, governments and mainstream economies nevertheless keep them alive and hopeful.

Spirituality and economy. There is need to democratise and demystify economic knowledge and free public imagination to promote social and personal wellbeing on a foundation of economic justice. There are Biblical, Qu'aranic and indigenous narratives that point us to economic life-giving systems where there is equitable sharing, communion with creation, abundance for all and affirmation for the fruits of our labour as offerings for the common good. Biblical motifs such as Jubilee, Shalom, Eucharist, *oikos*, and *Koinonia* remind us of God in community with God's creation as well as the covenantal relationship into which God invites us (cf. Ex. 16:16-21).

The dire crises which confront us imply that that our long term vision has to be met with short and middle term goals, therefore we recommend the following.

An ecumenical plan of action and landmarks of a new international financial and economic architecture

The world economy and the international financial system have globalised but democratic governments have not followed suit in any appropriate way. The key democratic problem is the lack of sovereignty over our lives, the planet and the future. Markets rule. As a result, we see a patchwork of governing systems with overlapping and often competing competencies. Some of these suffer from a serious deficit of justice and lack of democratic credentials. The Group of 20 constitutes a case in point. As a group of self-appointed world leaders, they discuss and decide on issues that affect far more people than live in their own countries. By the same token, the International Financial Institutions (IFIs) are not based on a democratic system. Rather, their decision making structures reflect the relative economic and financial power of nation states.

In order to address these inequalities, nothing less than a drastic overhaul is necessary of the governance of the world economy and the international financial system. The major objective is to ensure that financial markets and the economy are brought under the primacy of democratic decision making structures and that they function as good servants rather than bad masters in political-economic life. Economics has to be embedded in social, ecological and political life rather than the other way around.

This plan identifies policies to address the fundamental issues mentioned above, which can be distinguished into immediate and medium term actions, and longer term structural changes of the global economic and financial architecture. Furthermore, a number of strategies for the churches are

suggested and signs of hope are recalled.

Immediate and medium term actions

Alternative indicators of economic wellbeing. Governments and international institutions should replace Gross Domestic Product growth as the primary indicator of economic progress by other indicators, including growth of decent work, indicators of quality as well as quantity of health and education, and measures of environmental sustainability.

Regulating the financial sector. A number of measures are necessary to regulate and transform the financial sector:

- A comprehensive equivalent regulation of the entire financial sector, including the lightly regulated shadow banking sector (which in the US and Europe is larger than the banking sector) is required.

- There is a need to ensure that banks have adequate capital to absorb losses. Regulations on permitted leverage and minimum liquidity must be rigorous. Likewise counter-cyclical prudential regulation can assist in macroeconomic management.

- Basic banking activities of deposit-taking and lending to enterprises and households should be tightly regulated and separated from more risky activity (as was done in the US in the 1930s with the Glass-Steagall Act).

- Banks that are “too big to fail” should be broken up.

- Speculative activity should be restricted so that the counterpart to real-economy hedging needs is met without overwhelming enterprise on a “sea of speculation.” Regulators should set “position limits” on commodity traders in all globally relevant markets especially food stuffs and products to limit unnecessary price volatility. Regulators should also require that market participants are capable of accepting delivery of the actual commodities. Further Credit Default Swaps, which have played a harmful role in the recent financial crisis, should be banned.

- Public policy should be directed at the reform of bankers’ remuneration systems, to link them to long term social and environmental performance rather than short-term results. For example, bonuses could be set at a maximum of 100% of fixed remuneration (as demanded by the European Parliament). Commissions should be forbidden when selling financial products to retail investors.

Financial Transaction Tax. A global Financial Transactions Tax on trades in equities, bonds, currencies, and derivatives should immediately be established. Likewise a democratically representative agency to receive and allocate the proceeds for global public goods, including the eradication of poverty and disease and the costs of climate change mitigation and adaptation incurred by low-income countries, must also be set into place.

Ensuring access of poor and marginalised sectors to basic financial services. In line with the principle that finance should be a valuable public service, financial services such as savings accounts and credit must be made available on acceptable terms to small and medium enterprises, people in poverty, women and farmers. The setting up of credit unions should be encouraged to provide productive loans to sectors of society that are not deemed credit-worthy by the mainstream banking industry often on account of poverty, class, gender and race.

Investment and sustainable development policies. Governments have a role in supporting long-term, socially useful investment through strong investment programmes for renewable energy, sustainable agriculture and energy efficiency. Governments should also set binding emission caps for greenhouse gases; binding product norms (e.g. moving caps for energy efficiency for buildings, etc.); support sustainable investment banks and social finance institutions; and make green technology available to the South.

Progressive taxation. Capital gains must be taxed the same as other income. Likewise income taxes should be made much more progressive, especially for the highest income earners. Revenues

from wealth taxes and estate taxes should be used for public purposes.

Gender-just fiscal stimulus and social protection. Public investment and spending on small-scale agriculture, renewable energy, infrastructure, health and education sectors, and gender-just social protection programmes must be safeguarded and expanded even during periods of painful austerity measures in debt-burdened nations. Austerity often falls heavily on the most vulnerable sectors of society and results in a vicious cycle of economic decline, hampering recovery by dampening domestic demand and eroding national tax revenues.

Addressing tax evasion and avoidance. A multinational framework for the compulsory exchange of tax information on individual and corporate accounts that will effectively end the use of tax havens must be established. Transnational corporations should be required to report sales, profits and taxes paid on a country by country basis in their audited financial reports.

Ecological taxations. Ecologically destructive industries and activities must be heavily taxed or prohibited. Further fossil fuel extraction and carbon emissions should be taxed while at the same time rebating some of the proceeds to low-income households and using other revenues for investments in energy efficiency, conservation and renewable energy to assist in the transition to a low-carbon economy.

Regulating financial flows for sustainability. Governments should be encouraged to manage capital flows so that surges of flows in or out of a country do not destabilise the economy, including through instruments such as capital controls. Capital controls could curb the entry of volatile short-term flows as well as prevent capital flight from already beleaguered economies.

Sovereign debt restructuring mechanism. A comprehensive, fair and transparent international debt restructuring mechanism, to address sovereign insolvency on a timely basis should be established. Such a mechanism must be empowered to audit sovereign debts and cancel those debts found to be odious because they were contracted by despotic regimes without public consent for use against the population or are illegitimate due to other factors such as usurious interest charges, fraud, and repayment obligations that would cause unacceptable privation.

Information and communication architecture. Information and communication structures that support alternative financial and economic structures must be promoted.

Structural changes

United Nations Economic Social Ecological Security Council. With all its deficiencies, the UN remains the most representative and inclusive forum for global cooperation and policy setting. Conceptually, it serves as a model on which to build a more effective and representative international financial and economic architecture. And yet it is not adequately forging consensus on many issues at this time.

A potential instrument for enhanced, effective and coherent global governance could be the establishment of a UN Economic, Social and Ecological Security Council (UNESESEC). Civil society and churches have repeatedly called for such a body where pressing economic, social and ecological issues would be brought together to be discussed and acted upon in a coherent way. The report of the Stiglitz Commission, published in 2009, echoed this demand.^[6] As proposed by the Stiglitz Commission, the task of the UNESESEC would be to assess developments and provide leadership in addressing economic issues that require global action while taking into account social and ecological factors. It should represent all regions of the world at the highest possible level and ensure the participation of the various global institutions (such as the IFIs, International Labour Organisation, United Nations Conference on Trade and Development, World Health Organisation, United Nations Development Programme, United Nations Educational Scientific and Cultural Organisation, International Telecommunication Union, etc.) and cooperate closely with civil society to promulgate protection of the economic, social and ecological rights of nations and communities.

A church-led initiative should bring together relevant interested stakeholders to help further develop

the proposal in order to overcome differences that impede reaching the consensus needed for implementation. In addition and as an interim measure, an informal intergovernmental forum at the UN could bring together representatives of governments, multilateral institutions, private sector and civil society organisations in order to build consensus on financial policy and governance reforms that serve society.

A new International Monetary Organisation to replace the International Monetary Fund. A new International Monetary Organisation (IMO) needs to be created and should be guided by universal principles of economic, social and ecological justice. The IMO would have oversight over monetary policies and transactions and would deploy funds without structural adjustment conditions in order to firmly establish a globally effective, stable, fair and socially responsible global financial and economic architecture, bringing democratic accountability to financial markets. Its actions should not be dominated by policies of interest groups and its policies should be equitable and responsive to the social consequences of financial activities at financial sector and national levels.

The proposed IMO should orientate its policies towards economies in the service of life. Its policies should cover areas such as capital flows, control of capital flight, taxes on capital flows, and, where and when appropriate, (re)establishing fixed currency exchange rates. Such policies would enable countries to regain autonomy of fiscal and monetary policy. Furthermore, the IMO should deal with limiting excessive speculation, fair burden-sharing of private creditors in dealing with the impacts of financial crises, increased cooperation in financial market controls, guidelines for risk management, closing tax havens, etc.

An alternative international reserve currency. There is a need to design a new multi-currency reserve asset, similar to Special Drawing Rights, to create liquidity so that the “seigniorage” currently enjoyed by those countries whose currencies are now used as reserves instead accrues to the international community. At present, the main commonly used international reserve currency is the US dollar. Almost everywhere in the world, the US dollar is accepted and convertible. This creates enormous advantages for the US economy as, contrary to other countries, the US can pay for some of its imports with dollars instead of with exports, as long as the world considers the dollar a safe reserve currency. No other country in the world would survive with the level of current account deficits as high and as persistent as those of the US. This “seigniorage” is an “exorbitant privilege” which accrues to the US. It is a major unjust feature of the present international financial system, coupled with the fact that there are often undesirable consequences for the world’s economies, such as excessive capital flows, of the monetary policies that the US takes for purely domestic reasons.

In order to make the world less dependent on US deficits (or gold reserves, for that matter) and in order to create global liquidity in a more rational way, the International Monetary Fund created, in the 1960s, a multilateral reserve asset called Special Drawing Rights. SDRs can be created as the objective need arises, e.g. as an instrument for anti-cyclical policies (as in 2009), and as an alternative reserve asset which could eventually replace the US dollar and a few other reserve currencies. Besides SDRs, other proposals have been made such as International Currency Certificates. The common aim of these proposals is to search for ways and means to arrive at a system for the creation of liquidity based on global need in order to serve the real economy.

Strategies and actions for churches

To move forward the agenda outlined above, a global ecumenically instituted commission should be immediately formed to carry forward the valuable work of the Stiglitz Commission, linking with other faith communities, civil society organisations, interested governments, institutions and other relevant stakeholders to develop a concrete proposal for the governance of a new world economic and financial architecture.

Further the following actions are recommended:

- The WCC, WCRC, CWM and LWF should, together with other partners, develop a coherent strategy of advocacy for a new economic and financial architecture. Effective communication

strategies are key for successful advocacy initiatives.

- Churches should substantially increase the number of staff working on building dialogue with decision makers in the fields of politics, the private sector, professional associations, standard setting institutions, research organisations and civil society organisations regarding economic and financial developments.
- An ecumenical school of Governance, Economics and Management (GEM) should be established to develop economic competencies and empowerment within the ecumenical movement. In addition, educational materials should be developed with the aim to enhance economic and financial literacy of church members.
- Churches should affirm a commitment to communication rights to advance the empowerment of communities in developing alternatives to the current financial and economic structures.
- The ecumenical movement should accompany alternative social movements from below that protest against the injustices of the present system and strive to set up alternatives (e.g. the World Social Forum and, more recently, the “Occupy” movement).
- As a matter of accountability, churches should be asked to report on how they have followed up on recommendations on ethical investments. Such responses could be used to strengthen ecumenical cooperation in this area.

Signs of hope

The agenda for transformation is vast and it is easy to be overwhelmed by all that is required to implement it. Yet numerous alternatives have already been established by people all over the world that serve as signposts of change:

- Organisations and people are making a distinction between material wealth and wellbeing and are advocating that limits be observed for those who are already well off. In this context, efforts are made to develop new indicators, in addition to or in lieu of GDP growth such as the Human Development Index. The major world religions are well placed to contribute to these initiatives as they are inspired by notions like the “life in all its fullness.”
- Initiatives are being taken to promote education and financial literacy and to coach those who need accompaniment in dealing with money and finance.
- The different forms of provision of care services (unpaid, paid public and paid private) are being considered as key indicators as important as financial balances and production of tradable goods and services. Policies ought to be based on these in order to enhance recognition of the vital role that women play in economic life, and to further promote this role.
- Other concrete examples are Local Exchange Trading Systems (LETS) which create their own local economies, the setting up of credit unions, the use of ethical investments, and organisations like Oikocredit and ECLOF, which are micro finance organisations established by the WCC and partners.
- Latin American integration and independence is advancing through political organisations such as the Bolivarian Alternative for the Americas (ALBA), Union of South America Nations (UNASUR) and Community of Latin American and Caribbean States (CELAC), and economic cooperation through MERCOSUR (a regional trade agreement), SUCRE (a regional currency), Banco del Sur and the proposed Fondo del Sur.
- In view of the gross injustices that accompany neo-liberal policies and structures, nothing less is necessary than a metanoia of the international economic and financial system. For that we need a people’s movement which, like the earlier civil rights, anti-apartheid and Jubilee movements, rejects a world which is so unfair, unequal and unjust, and that is run for the benefit of the “1%.”
- Ultimately, changes will have to go beyond technical and structural requirements; what the world

needs is a change of heart so that financial and economic systems will not have individual gain as their compass but justice, peace and the protection of God's creation.

[1] See http://www.wcrc.ch/sites/default/files/Accra%20Conf%20ENG_0.pdf.

[2] See <http://www.oikoumene.org/en/resources/documents/central-committee/geneva-2009/reports-and-documents/report-on-public-issues/statement-on-just-finance-and-the-economy-of-life.html> and <http://www.oikoumene.org/en/resources/documents/wcc-programmes/public-witness-addressing-power-affirming-peace/poverty-wealth-and-ecology/neoliberal-paradigm/agape-call-for-action-2012.html>.

[3] “In using the term ‘empire’ we mean the coming together of economic, cultural, political and military

power that constitutes a system of domination led by powerful nations to protect and defend their own interests” (Accra Confession).

[4] Ubuntu is an African concept of personhood in which the identity of the self is understood to be formed interdependently through community” (Michael Battle, *Ubuntu: I in You and You in Me*).

[5] Sumak kawsay in Quichua is the notion of “good living” or “good life.”

[6] Stiglitz Commission (2008): “Report of the Commission of Experts of the President of the United Nations General Assembly on Reform of the International Monetary and Financial System”, New York, United Nations.