

# **Civil Society Statement Calling on the G-20 to Embed Human Rights in Financial Regulatory and Climate Change Decisions**

*November 2011*

We are writing to the Group of 20 Leaders, in advance of their upcoming Summit in Cannes, to remind them that even in the policies of a most eminently economic nature, their duties to respect, protect and fulfill the economic, social, cultural, civil and political human rights, including the right to development, do not cease, but should take primacy in every commitment they undertake.

In particular, we are demanding action on the following issues on the agenda of the G20:

- Endorsement of worldwide stimuli measures according to human rights principles;
- Reforms to prevent speculative activity in financial markets from undermining the enjoyment of human rights;
- Action to limit the damage to public funding of financial institutions that collapse due to excessive risk-taking
- Regulations of bank capital requirements consistent with human rights standards;
- Agreement to increase the relative fiscal pressure on the banking sector and to cooperate to increase transparency and mutual accountability in revenue mobilization;
- An agreement to drastically reduce greenhouse emissions which contribute to climate change.

## **Background**

More than three years after the beginning of the global financial crisis the world economy faces an uncertain situation. The continuing economic malaise calls into question the real extent of the recovery so highly celebrated last year.

At the same time, the world was at no point close to a “recovery” from the human rights toll of the financial crisis. Poverty and inequality have increased, and economic growth, where it did take place, has been largely jobless, wageless and unevenly distributed to the wealthiest sectors of society. As the world braces for what seems like another coming economic recession, countries and households barely able to cope last recession are now in an even worse situation, with negative consequences for fundamental human rights in rich and poor countries alike.

G20 Leaders’ duties to place human rights norms at the center of their financial policies and regulations cannot be exhausted with a merely rhetorical recognition (however much such recognition would be an improvement over current practice). States’ human rights obligations embedded in the International Bill of Rights require that governments carefully assess their respective choices and courses of action against the human rights consequences in transparent, participatory, non-discriminatory and accountable ways. Only an enduring commitment to

respect, protect and fulfill legally-binding human rights obligations enshrined in the Universal Declaration of Human Rights and core international human rights treaties can provide the basis for reforms to ensure a more sustainable, resilient and just global economy.

Large-scale deprivations of human rights stemming from the financial and economic crises are not inevitable, natural phenomena. The G20 agenda in Cannes in fact provides several actionable opportunities for governments—individually and in concert with one another—to choose alternative, human rights-centered paths to a sustainable economic recovery.

**STIMULUS MEASURES:** First, the seriousness of the problems threatening the world economy today warrant a cohesive and coordinated response from Group of 20 countries to stimulate their economies. The premature move towards austerity and the consequent reductions in aggregate demand have been the main reasons why the world is falling back into an economic crisis. Austerity policies threaten to continue to deprive people of access to finance, jobs, and services, while their governments for the most part refuse to establish fair systems for the private sector to share the burden of public debt restructurings.

We call on the G20 to implement economic stimulus measures within a human rights framework. Human rights standards and principles provide a framework for the design and implementation of stimuli measures which are participatory, transparent, accountable and non-discriminatory. We are not in favor of blind stimuli measures, especially those that would place new strains on public budgets to benefit private risk-taking. Gender- and environmentally-sensitive public infrastructure programs, transformational universal social protection systems and household debt restructuring that restores spending power, as well as measures to increase disposable income of the poorest, are among the measures that should be undertaken to ensure any recovery benefits those most in need.

**SPECULATION IN FINANCIAL MARKETS:** Second, in spite of the continued surges in speculative activity in financial markets, there is still limited progress in the regulation of commodity derivatives trading. Near 60 studies have been produced showing that speculation in commodity derivatives is either a good part or the main reason behind the spikes in food and energy prices that have increased hunger and malnutrition.

The Group of 20 should commit to the immediate implementation of reforms to bring Over-the-Counter derivatives to public exchanges, and establish meaningful position limits on derivatives in exchanges under their jurisdiction. The setting of circuit-breakers, compulsory delivery or banning of certain types of derivatives trading, in accordance with human rights standards and principles, should be given explicit individual and collective support.

**LARGE AND COMPLEX FINANCIAL INSTITUTIONS:** Third, regrettably, there is no guarantee that companies that took undue risks will not again have to be bailed out with public funding. Large and complex financial firms, some of them operating in dozens of jurisdictions,

have successfully resisted calls to reduce their complexity or size. They are able to profit from the tax and regulatory arbitrage that such position makes possible, while their complexity and size limits the chances that they can be successfully resolved without disrupting vital banking activities in the event of a collapse.

The Group of 20 should undertake measures to reduce the size and complexity of systemically important financial institutions, including through direct regulatory intervention to break up large firms. Strict separation between traditional banking activities such as deposit –taking and credit provision to households and small companies and proprietary trading should be enforced. Cross-border banking resolution agreements should be pursued. Yet, given the presumably long time it will take to develop them, it is urgent to ensure banks are incorporated and separately capitalized in every jurisdiction where they operate.

**BANK CAPITAL REQUIREMENTS:** Fourth, the reforms to the Basel Agreement on capital requirements amount to too little and are too slow in implementation. Above all, they amount to more of the same—a reliance on a bank capital regulation model that banks have proven they can manipulate to hide the true extent of their risks. Financial companies that have produced record profits in the last decade and that claim to operate on a highly efficient basis due to their large size have no justification for their persistent complaint that they will reduce credit if such capital requirements are implemented.

Governments in the long term should lend support to replacing Basel requirements with a framework for banking regulation that fully recognizes the duty of States to prevent and protect against and provide effective remedy for human rights infringements by private actors, including the financial sector. In the short to medium term, governments must be fully empowered to consider regulations of banking services as one essential tool to enhance enjoyment of human rights for all, including by taking proactive steps to ensure substantive equality in financial regulatory policies to protect the poor and disadvantaged and allow for where necessary the direct engagement of the State in the provision of banking services.

**FINANCIAL SECTOR TAXATION:** Fifth, governments’ obligations to take steps “to the maximum of their available resources” to fulfill their economic and social rights responsibilities cannot be upheld without a thorough evaluation of the contribution that the financial sector makes to public budgets through taxation. In general, the liberalization of capital of the last two to three decades has meant more indirect and regressive taxes, disproportionately raising fiscal pressure on poorer and middle-income households.

The G20 should take measures which ensure their financial sectors pay their fair share. Governments should commit to transparent, participatory and accountable taxation systems that introduce greater progressivity overall, and increase in particular the relative

weight of fiscal pressure on the banking sector. Specifically, we demand G20 members to agree on the implementation of financial transaction taxes and to express a clear commitment to use this newly-generated revenue to fulfill their human rights obligations— at home and abroad. We further call on governments to take decisive steps to cooperate internationally in order to ensure transparency and mutual accountability in domestic revenue mobilization, putting an end to actions or omissions which prevent governments from raising the resources needed to fulfill their human rights obligations.

**CLIMATE CHANGE:** Lastly, the absence of serious commitments from G20 governments to reduce greenhouse gas emissions and adopt greener technologies is fast becoming a huge human rights issue. Emissions continue to trigger weather-related natural disasters, subjecting vulnerable and marginalised communities to increased risk as well as threatening the earth's fragile biodiversity.

**As the world's largest economies and emitters of greenhouse gas emissions which are imperiling the planet, it is imperative that G20 governments take the lead in arriving at consensus solutions to drastically reduce greenhouse gas emissions at the 17<sup>th</sup> Conference of the Parties of the UN Framework Convention on Climate Change at Durban in November-December 2011. A fair, ambitious and binding treaty on addressing climate change is the planet's last hope which needs to be supported by G20 governments.**

The following organizations support this statement:

1. Acción Campesina –México
2. ACCION-Asociación Chilena de ONGs –Chile
3. Action Internationale pour la Paix et le Développement dans la Région des Grands Lacs
4. ActionAid International
5. Africa Development Interchange Network (ADIN)
6. African Women Economic Policy Network (AWEPON)
7. African Women's Development and Communication Network (FEMNET)
8. Alliance Sud –Switzerland
9. Alola Foundation- East Timor
10. APDR –India
11. Arab NGO Network for Development (ANND)
12. Articulación Feminista Mercosur- América Latina
13. Asociación Latinoamericana de Organizaciones de Promoción al Desarrollo (ALOP), A.C.
14. Asociación Mexicana de Mujeres Líderes Miroempresarias, AC - México
15. Asociación Nacional de Centro de Investigación, Promoción y Desarrollo –Peru
16. Asociación para el Desarrollo de los Pueblos -Nicaragua
17. Asociación Salvadoreña para la Formación y Capacitación Integral Sostenible (ASAFOCAIS)
18. Associação para a Cooperação Entre os Povos (ACEP) -Portugal
19. ATTAC Hungary, Budapest- Hungary
20. Austin Tan Cerca de la Frontera –USA
21. Base Educación, Comunicación, Tecnología Alternativa (Base ECTA) –Paraguay
22. Bi'alli. AC - México

23. Bread for All –Switzerland
24. Canadian Council for International Cooperation
25. Canadian Feminist Alliance for International Action (FAFIA)
26. CARDET –Cyprus
27. CASM –Honduras
28. Center for Economic and Social Rights (CESR)
29. Center for Participatory Research and Development (CPRD) – Bangladesh
30. Center for the Development of Civil Society –Armenia
31. Center for Women's Global Leadership (CWGL) –USA
32. Center of Concern -USA
33. Centre for Civil Society Economic Justice Project –South Africa
34. Centre for Social and Corporate Responsibility –Nigeria
35. Centre for Youth and Social Development –India
36. Centro de Derechos Humanos Miguel Agustín Pro Juárez –México
37. Centro de Derechos y Desarrollo (CEDAL) –Peru
38. Centro de Estudios de la Mujer -Honduras
39. Centro de Estudios Sociales y Culturales Antonio de Montesinos A.C. –México
40. Centro de Estudios Sociales y Culturales Antonio de Montesinos A.C. (CAM) – México
41. Centro de Investigación Laboral y Asesoría Sindical, CILAS,AC – México
42. Centro de Investigación y Promoción del Campesinado (CIPCA) –Bolivia
43. Centro de Investigación y Promoción Social, S.C. (CIPROSOC) –México
44. Centro de la Mujer Panamena –Panama
45. Centro de Participación Popular –Uruguay
46. Centro de Reflexión y Acción Laboral de Fomento Cultural y Educativo, A.C. (CEREAL) – México
47. Centro Flora Tristan –Peru
48. Centro Peruano de Estudios Sociales (CEPES) –Peru
49. Children Education Society (CHESO) – Tanzania
50. CINEP/ Programa por la Paz –Colombia
51. Ciudadanos en Apoyo a los Derechos Humanos, A.C. –México
52. CIVICUS
53. CNCDD-11.11.11 –Belgium
54. Comité de América Latina y el Caribe para la Defensa de los Derechos de la Mujer (CLADEM)
55. Comité de Derechos Humanos del Cerro del Judío –México
56. Company of the Daughters of Charity of St. Vincent de Paul –USA
57. Congregation of Notre Dame –Canada
58. Congregation of the Sisters of the Presentation, Newfoundland and Labrador –Canada
59. Consejo Internacional de Educación de Adultos (ICAE)
60. Cooperation for Peace and Development –Afghanistan
61. Coordinación de ONG y Cooperativas (CONGCOOP) –Guatemala
62. Coordinador General de la Red Rural –Paraguay
63. Coordinadora Servicios y Cooperación Externa (CONGCOOP) –Guatemala
64. Copevi –México
65. Corporación Región –Colombia
66. Corporación Viva la Ciudadanía –Colombia
67. CRADEC – Cameroon
68. DECA Equipo Pueblo - México
69. DECIDAMOS –Paraguay
70. Declaration of Salzburg for Development in Solidarity –Austria
71. Development Alternatives with Women for a New Era (DAWN)
72. Dominican Leadership Conference –USA

73. Economic Governance for Health
74. Educational Evaluation and Policy Analysis (EEPA) -Belgium
75. EDUCON –Czech Republic
76. ENGENHO & OBRA, Associação para o Desenvolvimento e Cooperação, ONGD –Portugal
77. Enlace, Comunicaciones y Capacitación, A.C –México
78. Espace Associatif –Morocco
79. Espacio de Coordinación de Organizaciones Civiles sobre DESC (Espacio DESC) – México
80. Eurostep
81. Fastenopfer/Swiss Catholic Lenten Fund -Switzerland
82. Feminist Task Force of the Global Call to Action against Poverty
83. Fokupers –East Timor
84. Food First International Action Network (FIAN-México Section)
85. Foro Ciudadano de Participación por la Justicia y los Derechos Humanos (FOCO) –Argentina
86. Foro de Jóvenes con Liderazgo AC –México
87. Foro Nacional por Colombia
88. Fundación Etnica Integral– Dominican Republic
89. Fundación FORINS –Fortalecimiento Institucional –Argentina
90. Fundación Salvadoreña para la Promoción Social y el Desarrollo Económico –El Salvador
91. GCAP MÉXICO -Coalición Nacional Mexicana del Llamado Mundial a la Acción Contra la Pobreza
92. Gevao’s Legal Aid Scheme – Sierra Leone
93. Global Advocates for Justice –USA
94. Global Initiative for Economic, Social and Cultural Rights
95. Global Policy Forum Europe –Germany
96. Global Social Justice –Belgium
97. Global-Local Links Project & Global Community Rights Framework Initiative
98. Groupe Tadamoun –Mauritania
99. Grupo Social Fondo Ecuatoriano Populorum Progressio – FEPP –Ecuador
100. Grupo Tacuba - México
101. IBASE -Brazil
102. IBON Foundation -Philippines
103. Imprenta Francia –El Salvador
104. Indian Social Institute
105. INESC –Brazil
106. INHURED International
107. Instituto de Desarrollo Social y Promoción Humana (INDES) -Argentina
108. Instituto de Estudios Jurídico Em Direitos Humanos, Economicos, Sociais, Culturais e Ambientais -Brazil
109. Instituto del Tercer Mundo –Uruguay
110. Instituto Mexicano de Derechos Humanos y Democracia (IMDHD) –México
111. Instituto Mexicano de Derechos Humanos y Democracia A.C. –México
112. Instituto Mexicano para el Desarrollo Comunitario (IMDEC) –México
113. Inter-American Platform for Human Rights, Democracy and Development (PIDHDD)
114. International Association for Community Development
115. International Human Rights Internship Program
116. International Presentation Association of the Sisters of the Presentation
117. International Women's Anthropology Conference (IWAC) –USA
118. Justice and Peace Commission of Mumbai –India
119. Kalyanamitra –Indonesia
120. Kehys, The Finnish NGDO Platform to the EU
121. Kenya National Commission on Human Rights

122. KEPA –Finland
123. Khulumani Support Group –South Africa
124. KOPIN –Malta
125. KULU-Women and Development –Denmark
126. LDC Watch
127. Loretto Community –USA
128. Lumière Synergie pour le Développement –Senegal
129. Marianists International
130. Maryknoll Office for Global Concerns
131. Medical Mission Sisters, Sector Asia
132. Mesoamericanas en Resistencia por una Vida Digna -Honduras
133. Movimiento Jurídico Nacional - México
134. Mujer y Salud -Uruguay
135. Mujeres Trabajadoras Unidas, AC, MUTUAC – México
136. National Council of Negro Women -USA
137. New Rules for Global Finance Coalition -USA
138. Oficina de Género (GEO)
139. Oikos – Cooperação e Desenvolvimento –Portugal
140. Parroquia Nuestra Señora de Guadalupe Evangelizadora de América –México
141. Partnership for Global Justice –USA
142. Passionists International
143. Plataforma 2015 y más –Spain
144. Presentation Congregation Lismore -Australia
145. President of Bahrain Transparency Society
146. PRODESSA –Guatemala
147. Programa Venezolano de Educación - Acción en Derechos Humanos (Provea) –Venezuela
148. Proyecto Aprendo me Divierto y sigo Viviendo Consultoría Social SC –México
149. Red de Educación Popular Entre Mujeres -América Latina
150. Red Mexicana de Acción frente al Libre Comercio (RMALC) -México
151. Red Nacional de Género y Economía, REDGE – México
152. Red Rural -Paraguay
153. REMA - México
154. REPEM –Colombia
155. Rural Reconstruction Nepal (RRN) -Nepal
156. SAHRiNGON Tanzania Chapter
157. Sanayee Development Organization - Afghanistan
158. Seminario permanente de Estudios Chicanos y de Fronteras, (DEAS-INAH) - México
159. Servicios Ecuménicos para la Reconciliación y la Reconstrucción (SERR) –USA
160. SILAKA –Cambodia
161. Sisters of Charity Federation –USA
162. Sisters of Charity, BVM Leadership Team –USA
163. Sisters of Mercy Brisbane –Australia
164. Social Agenda Working Group -Thailand
165. Social Justice in Global Development (SocDevJustice)
166. Social Watch
167. Social Watch Benin
168. Social Watch India
169. Social Watch Mozambique
170. South Asia Alliance for Poverty Eradication (SAAPE) –Nepal
171. Southeast Asian Council for Food Security & Fair Trade –Malaysia
172. Space Allies –Japan

173. SUR Corporación de Estudios Sociales y Educación –México
174. The Second Chance Fd.—USA
175. TRI GAY –México
176. Unión de Trabajador@s del Suroeste –USA
177. Unión Nacional de Instituciones para el Trabajo de Acción Social (UNITAS) –Bolivia
178. United Methodist General Board of Church and Society
179. VANÉTICA, SC - México
180. Werkstatt Ökonomie –Germany
181. Women and Law in Southern Africa –Zambia
182. Women in Development Europe Network
183. Women's & Gender Studies Program of Montclair State University –USA
184. Women's Rights Center – Suriname
185. World Economy, Ecology & Development –Germany
186. World Hunger Education Service –USA