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# Civil Society Responses to the Global Economic Crisis

White Paper Prepared for FNTG

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*Photo courtesy of O62/Flickr.*

Funders Network on Transforming the Global Economy (FNTG)

## WHITE PAPER

## PREFACE

Dear Friends,

We are pleased to share with you this white paper outlining organizing, education and advocacy efforts being undertaken in response to the financial and economic crisis by groups working in coalition in the US and around the world.

During the early phases of the current crisis some three-dozen funders met in Washington, DC to discuss ways to support those working for "real reform of the global economy, and for greater transparency, accountability, and equity in the financial system."

For a variety of reasons (including diminished resources due to the crisis itself, and perhaps to the election of a charismatic president who seemed ready to confront many of the structural inequities of the finance sector), a deep and unified civil society response to the crisis in the United States never really emerged.

As this paper makes clear however, a great deal of important and exciting work has indeed been undertaken on a variety of fronts, internationally as well as in the U.S. Case studies presented here outline far-reaching initiatives around bank accountability, financial taxes, commodities speculation and international finance institutions, along with a particularly noteworthy project to build an alliance among key movements emerging out of the grassroots organizing sector. This paper shows what groups are fighting for in each of these areas, strategic approaches used, and concrete results achieved to date.

These efforts, along with others that couldn't be included here, continue - and continue to need foundation support.

Sarah Anderson, Director of the Institute for Policy Studies' Global Economy Program is the primary author of this paper. Although all of the decisions about which organizations, issues and links to include were made by FNTG, this work would not have been possible without Sarah's knowledge and deep understanding of the issues, the campaigns and the key actors involved.

As an alliance of domestic and international funders who recognize the systemic nature of today's challenges, we understand that our collective work plays out in a global context, one in which international developments and policies impact grantmaking at all levels. We also recognize that most authentic organizing starts locally.

FNTG has long been committed to working in partnership with coalitions and alliances that bring together local, national and international community-based organizations, policy-focused NGOs, social movements and others, and to increasing funding for the transformational changes needed to overcome the economic, social and ecological crises that confront us.

We hope that this paper helps to further that goal.

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**View an online version of this White Paper at**  
<http://www.fntg.org/whitepaper2010.php>

## I. INTRODUCTION

During the first two years of the economic crisis, civil society groups have used various strategies to push for new policies aimed at preventing future crises and ensuring a more equitable and sustainable economic recovery. In July 2010, President Barack Obama signed into law a financial reform package that represented some significant achievements. However, much more work needs to be done to:

- Ensure aggressive implementation of the new law.
- Prevent the new U.S. reforms from being undermined by a lack of regulation in other countries.
- Address “unfinished business” – key civil society demands the Dodd-Frank legislation did not deal with, including breaking up the “too big too fail” banks, adopting a financial speculation tax, and resolving the problem of commodity index funds that contribute to food and energy price volatility.

The work on financial reform has taken place in the context of an extremely inequitable economic “recovery.” The technical “experts” now say the U.S. recession officially ended in June 2009. But while most banks have repaid their bailout money and corporate profits have rebounded, unemployment has continued to rise and the mortgage crisis persists for millions of families. New data show that in 2009 more than [40 million Americans were living in poverty](#)<sup>1</sup>, the largest number in the 51 years that poverty has been measured. Massive protests have erupted in many European countries over severe budget cuts. In developing countries, the [ILO reports](#)<sup>2</sup> that over eight million new jobs are needed to return to pre-crisis levels. Thus, while this paper focuses on longer-term goals, it should be noted that a great deal of civil society work understandably remains focused on emergency needs.

This paper briefly describes five areas of work in response to the global economic and financial crisis. The following criteria guided the selection of the case studies:

- The work is collaborative,
- The work is bringing together diverse actors, ideally including community and grassroots organizers with NGO and academic specialists,
- The goals of the work are to promote change in the US and internationally,
- The work is tackling a systemic problem in the economy.

Each of the case studies briefly describes who’s involved, strategies and key actions, and results so far. The paper does not attempt to provide an exhaustive analysis of global civil society work in response to the crisis. The focus is primarily on U.S. coalitions that view their work in a global context.

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<sup>1</sup> <http://www.ips-dc.org/reports/battered-by-the-storm>

<sup>2</sup> [http://www.ilo.org/global/About\\_the\\_ILO/Media\\_and\\_public\\_information/Press\\_releases/lang--en/WCMS\\_145182/index.htm](http://www.ilo.org/global/About_the_ILO/Media_and_public_information/Press_releases/lang--en/WCMS_145182/index.htm)

## II. CASE STUDIES

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### Case study #1: Bank Accountability

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Washington, DC Photo courtesy of Sarah Anderson.

Public interest advocates overcame intense Wall Street lobbying to win some important reforms through the Dodd-Frank legislation enacted in July, particularly in the areas of consumer protection and derivatives markets transparency and oversight. But the new law did not fundamentally change the Wall Street model of business or reduce the size or interconnectedness of the “too big too fail” (TBTF) banks. At the international level, recently proposed standards for capital reserves have been [widely criticized](#)<sup>3</sup> for being too modest and for giving banks an absurdly long time to comply (nine years).

Meanwhile, public outrage against the big banks remains high. Some groups have focused their energy on trying to alter these institutions’ behavior, either through targeting them directly or through laws and regulation. Others have focused on supporting community-based banks. According to the [Institute for Local Self-Reliance](#)<sup>4</sup>, not only do small banks and credit unions not pose the same type of systemic risk as the “too big too fail” institutions, they tend to impose lower costs on their customers and pay higher interest on savings accounts,

This case study covers a variety of tactics aimed at the general theme of bank accountability. Although most of the work is U.S.-focused, the global reach of American banks means that these efforts will have international impacts.

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<sup>3</sup> <http://www.nytimes.com/2010/09/23/business/global/23iht-basel.html?dbk>

<sup>4</sup> <http://www.newrules.org/banking/news/move-your-money-and-save>

## Goals:

- Break up or shrink the “too big to fail” banks.
- Support community-based banks and expanded community reinvestment standards.
- Shift bank priorities from executive bonuses and profits for shareholders to serving real economic needs.
- Insert incentives for “green” lending into the reform agenda.
- Stop the foreclosure crisis through a moratorium while residents have a chance to modify their loans.
- Eliminate the financial deregulatory provisions in trade and investment agreements.
- Many actions targeting the big banks have also drawn attention to proposals for financial speculation taxes (see Case #2).

## Some of the involved coalitions and their primary strategies:

- **Implementation of Dodd-Frank:** [Americans for Financial Reform](#)<sup>5</sup> (a coalition of 200+ labor, consumer, and other groups) led the legislative fight in support of strong financial reforms. Although their [detailed analysis](#)<sup>6</sup> of the outcome of this “Wall Street Showdown” recognizes that many of the coalition’s goals were not achieved, they are now focusing on making the most of the positives in the law. They will be coordinating advocacy to push for tough regulations, “pro-consumer and pro-Main Street” appointments to key positions, and carrying out public campaigns as needed. A key member of AFR on the issue of “too big too fail” banks is Public Citizen, which is planning to file a petition to test a provision in the law that would allow a new “council of regulators” to break up banks that pose a “grave threat” to the economy. Although AFR is U.S.-focused, it has developed some links to [Europeans for Financial Reform](#)<sup>7</sup> and engaged in international discussions around the G20 financial reform agenda. Consumers International, of which some AFR groups are members, is also promoting global consumer financial product safety standards and [pushing](#)<sup>8</sup> this through the G20.
- **Direct action, targeting specific banks and Wall Street:** In late 2009 and 2010, there were a series of collective actions targeting the financial sector, including the largest anti-Wall Street march in decades and a temporary shut-down of Washington’s K Street lobbyist corridor. Unions, Jobs with Justice, and others have organized public actions targeting big banks in nearly 100 cities. A Bank Accountability Campaign led by the national groups [SEIU](#)<sup>9</sup>, [PICO](#)<sup>10</sup>, and [National People’s Action](#)<sup>11</sup>, as well as a number of

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<sup>5</sup> <http://ourfinancialsecurity.org>

<sup>6</sup> <http://ourfinancialsecurity.org/2010/06/what-happened-on-wall-street-reform/>

<sup>7</sup> <http://europeansforfinancialreform.org>

<sup>8</sup> [http://www.consumersinternational.org/media/474798/ci\\_call\\_to\\_the\\_g20.pdf](http://www.consumersinternational.org/media/474798/ci_call_to_the_g20.pdf)

<sup>9</sup> <http://www.seiu.org/bigbanks/>

state and regional networks, met in late September to develop next steps. These include coordinated direct action and media work around these four key moments: 1) mid-November, post-election period, to introduce a new media narrative; 2) December Wall Street bonus season; 3) early 2011, to dramatize the role of banks in state and municipal budget crises; and 4) shareholder meetings in April-May 2011.

- **Online organizing/communications strategies:** [Move Your Money](#)<sup>12</sup> is a campaign begun by Huffington Post and others to encourage people to shift their own personal funds from big banks to community banks. The initiative has been embraced by some unions and others who are urging not just individuals but also state and local governments, pension funds, universities and other organizations to divest from the big banks. Other online initiatives are also supporting the Move Your Money campaign and organizing individuals in other ways against big bank dominance. Two key examples: [A New Way Forward](#)<sup>13</sup> and [Bankster](#)<sup>14</sup> (part of the Center for Media and Democracy).
- **Reforms to support community banking and expand community reinvestment standards:** The [National Community Reinvestment Coalition](#)<sup>15</sup> is a key leader on this issue and they have begun making connections with groups in other countries. The goal of the international networking on this issue is not so much to set international rules but to develop a shared language and way of framing the issues so that they can leverage what they're each doing for broader visibility and impact, as well as sharing research and policy models. NCRC included a few international participants in a conference in 2010 and there has been discussion of an international conference. The Inter-Alliance Dialogue is developing a proposal for a National Community Reinvestment Bank (see case study #5). There are also efforts to duplicate the model of the North Dakota State Bank, which is the depository for all state tax collections and invests those deposits back into the state in economic development activities.
- **Environmental sustainability lending standards:** The global network [BankTrack](#)<sup>16</sup> is collaborating with Friends of the Earth Europe to develop proposals on how sustainability criteria can be integrated into capital adequacy requirements. See, for example, this [submission](#)<sup>17</sup> to the Basel Committee on Banking Supervision. They are also working to identifying additional potential targets, given the lack of transparency of the Bank for International Settlements, which houses the Basel Committee.

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<sup>10</sup> <http://www.piconetwork.org/>

<sup>11</sup> <http://www.npa-us.org/>

<sup>12</sup> <http://moveyourmoney.info/>

<sup>13</sup> <http://www.anewwayforward.org/>

<sup>14</sup> <http://banksterusa.org>

<sup>15</sup> <http://www.ncrc.org/>

<sup>16</sup> <http://www.banktrack.com>

<sup>17</sup> [http://www.banktrack.org/download/submission\\_to\\_the\\_basel\\_committee/100415\\_submission\\_to\\_the\\_basel\\_committee.pdf](http://www.banktrack.org/download/submission_to_the_basel_committee/100415_submission_to_the_basel_committee.pdf)

- **Academic research and analysis:** The [Levy Economics Institute](http://www.levy.org/)<sup>18</sup> of Bard College, the [Initiative for Policy Dialogue](http://www0.gsb.columbia.edu/ipd/)<sup>19</sup> at Columbia University, and the [International Development Economics Associates](http://www.networkideas.org)<sup>20</sup> (IDEAs) network, based in India, have pulled together leading scholars to study the structure of financial sector institutions and produce papers and dialogues on policy alternatives. The [Triple Crisis Blog](http://triplecrisis.com/)<sup>21</sup> is another new resource featuring the work of economists and finance experts from around the world.
- **Monitoring and advocacy around international rules and standard-setting:**

**Bank for International Settlements:** the [New Rules for Global Finance Coalition](http://www.new-rules.org/)<sup>22</sup> and some others are tracking the proposals for banking reform coming out of the two BIS institutions, the Basel Committee on Banking Supervision (responsible for capital standards) and the Financial Stability Board (the overall global regulatory authority). However, advocacy work on these institutions has been largely stymied by these institutions' total lack of transparency.

**World Trade Organization and other trade and investment treaties:** Other groups are working to reverse the financial deregulatory thrust of trade and investment agreements, including the WTO General Agreement on Trade in Services, bilateral investment treaties, and the investment and services chapters of bilateral and regional trade agreements. The international network [Our World is Not for Sale](http://www.ourworldisnotforsale.org/en/report/end-wto-deregulation-finance-owinfs-financial-services-brief-1)<sup>23</sup>, for example, has been campaigning for financial services to be taken out of the WTO and all other trade



*Photo courtesy of Sarah Anderson.*

<sup>18</sup> <http://www.levy.org/>

<sup>19</sup> <http://www0.gsb.columbia.edu/ipd/>

<sup>20</sup> <http://www.networkideas.org>

<sup>21</sup> <http://triplecrisis.com/>

<sup>22</sup> <http://www.new-rules.org/>

<sup>23</sup> <http://www.ourworldisnotforsale.org/en/report/end-wto-deregulation-finance-owinfs-financial-services-brief-1>

agreements and for countries to be allowed to reverse GATS financial liberalization commitments without penalty.

## Results:

- On financial reform, Americans for Financial Reform has produced a [detailed analysis](#)<sup>24</sup> of the major wins (as well as the losses and compromises) in the new law. As noted above, however, the full potential of the law will only be realized through aggressive implementation.
- On community banks, the Move Your Money Campaign estimates that [two million people](#)<sup>25</sup> pulled out of big banks in the first three months of 2010. A [Zogby poll](#)<sup>26</sup> showed that nine percent of American adults had moved some of their money away from the big banks in protest. As a result, local banks and credit unions are opening record numbers of new accounts, the Campaign says. The New Mexico legislature came close to passing a bill that would give contracting preference to community banks and credit unions before it adjourned in February.
- On executive compensation, Dodd-Frank increased transparency and the role of shareholders, but did not establish meaningful constraints on the “bonus culture” that was a cause of the crisis. The “pay czar” appointed to oversee pay at a handful of major bailout firms had limited impact because he lacked the authority to rewrite contracts.



Washington, DC Photo courtesy of Sarah Anderson.

<sup>24</sup> <http://ourfinancialsecurity.org/2010/06/what-happened-on-wall-street-reform/>

<sup>25</sup> <http://moveyourmoney.info/archives/2442>

<sup>26</sup> <http://moveyourmoney.info/archives/1514>

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## **Case study #2: Financial Speculation Taxes (a.k.a. financial transactions taxes, Robin Hood Tax)**

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**Goal:** The adoption of small taxes on each trade of stock, derivatives, currency and other financial instruments as a way to discourage excessive short-term speculation and generate revenues for good things, like health, climate, and jobs programs. The collection of such a “financial speculation tax” (FST) could be done unilaterally or multilaterally, with no new institutions.

### **Who’s involved:**

A wide range of groups in the United States and internationally, especially in Europe, where the German, French and several other governments strongly support such taxes. Because the revenues could be used for many different purposes, the growing U.S. and international campaigns have attracted support from labor, international health, climate, anti-poverty, and many other groups. Many of the international health groups had already been campaigning for several years for a more narrowly focused tax on currency transactions to help pay for AIDS and other health programs. Climate groups became more involved after the Copenhagen climate talks, where commitments were made for massive investment in climate finance for developing countries. This is seen as one of several potential sources of revenue for that purpose. The international labor movement has long been supportive and the AFL-CIO Executive Council [confirmed](#)<sup>27</sup> its support at its March 2010 meeting.

### **Strategies and Key actions:**

Some work is focused on building up national campaigns while other activities are focused on influencing international institutions.

### **National campaigns:**

**UK and Other European countries:** The Brits are the furthest along of any of the national campaigns. A wide range of development, labor, and other groups joined together in February under the slogan of a Robin Hood Tax. They enlisted filmmaker Richard Curtis (Four Weddings and a Funeral) to develop a [creative media campaign](#)<sup>28</sup> that has garnered massive press coverage. One of the

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<sup>27</sup> <http://www.aflcio.org/aboutus/thisistheafclcio/ecouncil/ec03032010g.cfm>

<sup>28</sup> <http://www.robinhoodtax.org.uk/>

campaign tools Curtis has produced is [this video](#)<sup>29</sup>, starring British actor Bill Nighy. The UK campaign has produced similar materials in other languages for the growing national campaigns in other countries. The [European Cross-networking Space](#)<sup>30</sup> on the global crisis has made this a top priority and is helping to coordinate work across the continent.

**United States:** In November 2009, several members of Americans for Financial Reform formed a working group on this issue and invited in non-AFR members, including some grassroots US groups, climate, and international health groups. The U.S. groups have been holding weekly strategy calls and occasional face-to-face campaign organizing meetings that have drawn as many as 50 people.

### Some key U.S. strategies:

**Legislative:** There are bills to create broad-based financial speculation taxes in both the House and the Senate, but because of all the energy put into the intense financial reform and health care fights, a big push on this is yet to come. Rep. Pete Stark (D-CA) also recently introduced a complementary bill that would tax currency transactions, with revenues going towards U.S. child care, as well as international health and climate needs.

**Direct action:** Jobs with Justice, the AFL-CIO, and others have been incorporating FST in their public actions against big banks. Around April tax day, Jobs with Justice partnered with student activists to hold educational events on tax fairness and taxing Wall Street speculators. On September 15, they held similar actions in 30+ cities.

**Enlisting spokespeople from the investment world:** [Wealth for the Common Good](#)<sup>31</sup> is working to cultivate prominent business leaders, including John Bogle, founder of the Vanguard Mutual Fund, as media spokespeople and to sign a joint petition.

**Administration:** President Obama has not taken a definitive position against financial speculation taxes, but his top economic advisors have made it clear they are not yet on board. The departure of Larry Summers may create an opening. It's also worth noting that Summers and Geithner also opposed some of the more progressive elements in the financial reform bill, but that didn't stop Congress from adopting them.

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<sup>29</sup> <http://www.yesmagazine.org/new-economy/time-to-tax-financial-speculation/#bill-nighy-s-video>

<sup>30</sup> <http://www.makefinancework.org/>

<sup>31</sup> <http://wealthforcommongood.org/campaign/financial-transaction-tax/>

**Deficit Commission:** Groups have managed to raise the idea in the context of new revenue sources needed to tackle the U.S. fiscal problem.

### International strategies:

Strategy calls about every three weeks involve as many as 50 people from 10 or so countries. The primary focus has been to influence key international targets, including the IMF, G20, the UN's High-level Advisory Group on Climate Change Financing, the UN Summit on Millennium Development Goals, and the Leading Group on Innovative Financing. The calls also result in cooperation between activists in countries with highly developed campaigns and those who are starting to build them.



**Manila, Philippines**

A demonstration, which was part of the Global Day of Action, against the G-20 Summit. *Photo courtesy of EPA/Dennis Sabangan.*

### Results:

- **IMF:** After the G20 assigned the IMF to study financial sector taxation options, the IMF Managing Director initially objected to the inclusion of transactions taxes. In response to coordinated global civil society pressure, he later changed his position and agreed to civil society consultations. In June 2010, the IMF delivered a short report to the G20 that did not endorse a FST, but did confirm that such taxes were technically feasible. A follow-up technical paper confirmed that transactions taxes would generate massive revenues and already exist in some form in most G20 countries.

- **G20:** Strong opposition from the conservative Canadian government (backed up by the U.S. Treasury) blocked progress at the June 2010 G20 summit. However, French President Nicolas Sarkozy will become chair of that body in 2011 and has vowed to make this a key issue. International activists are coordinating petitions and events related to the November 2010 G20 summit in Seoul, but are looking towards 2011 as the potential breakthrough year.
- **EU:** Because of the lack of G20 consensus in support of FST, some European leaders are promoting the idea of an EU-wide transactions tax.
- **[Leading Group on Innovative Financing](#)**<sup>32</sup>: This group of 55 countries (including many large economies but not the United States) formed an expert panel that endorsed a currency transactions levy (one form of FST). In September 2010, the governments of Japan, Belgium, France, Spain, Norway and Brazil endorsed the proposal. Work is continuing to gather commitments from other countries before the Leading Group's next Plenary Session in Tokyo on December 16-17, 2010.
- **U.S. Press coverage:** There has been increasingly favorable coverage, including supportive columns by Krugman and Herbert at the *New York Times* and Pearlstein and Klein at the *Washington Post*. On the day of the State of the Union address, a *New York Times* editorial suggested that the President speak about financial transactions taxes.
- **U.S. Congress:** There are some signs of growing support, with key leaders Nancy Pelosi and Barney Frank both suggesting they'd support the tax (but only if it were coordinated internationally).



**Wall Street, New York City**

A crowd of an estimated 7,500 workers and union leaders, angry over lost jobs, the taxpayer-funded bailout of financial institutions and questionable practices by big banks, marched down Broadway toward the city's financial district.

*Photo courtesy of O62/Flickr.*

<sup>32</sup> <http://www.leadinggroup.org/rubrique20.html>

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## **Case study #3: Commodities Speculation (Food, Energy and Carbon)**

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The financial crisis has helped shine a brighter spotlight on the problems caused by deregulation of commodity futures markets. In 2008, the United States had the highest food inflation rates since 1980. In the poorest countries, food price spikes sparked rioting in many countries. Speculation alone did not cause rising food prices, but excessive speculation in the commodity futures markets dramatically exacerbated the volatility of world food prices. As policymakers contemplate climate proposals that could lead to the development of massive carbon derivatives markets, there is growing concern that existing regulations are also insufficient to prevent carbon from becoming the driver of the next speculative bubble.

This case study focuses on work related to commodities speculation because it is the segment of the broader derivatives reform agenda that seems to have the most potential for collaborative work among diverse groups. And because it relates to matters that affect everyone (e.g., food and gas prices), there also seems to be strong potential for using commodities speculation as an educational window into broader financial market issues.

### **Goals:**

- Re-regulate the food and energy commodities futures markets, including by requiring across-the-board aggregate speculation limits to prevent traders from taking a controlling position in a commodity;
- Require all futures contracts to be traded on regulated exchanges;
- Some argue that commodity index funds should be banned, claiming they distort prices because, unlike participants who take delivery of physical commodities, they are not subject to position limits (total number of contracts held for a given period); and
- If carbon derivative markets are created, they should be protected from excessive speculation.

### **Key coalitions:**

- Commodity Markets Oversight Coalition – started by mostly end-user business associations (big airlines, trucking association, agriculture associations, etc.) It has broadened to include faith-based groups, family farm groups, and environmental organizations that have gotten the coalition to expand their focus beyond energy to also include food commodities and, to some extent, carbon derivatives.
- Derivatives Reform Alliance – this is a combination of CMOC and Americans for Financial Reform.

- [U.S. Working Group on the Food Crisis](#)<sup>33</sup> – this coalition of family farm, faith-based, and anti-hunger groups has a broad agenda on food security, but has added a subgroup focusing on commodity speculation.
- [Agribusiness Action Initiatives](#)<sup>34</sup> – this is a global network with a secretariat in the Philippines that focuses on problems related to concentration in the agricultural sector.



*Photo courtesy of Sarah Anderson.*

### Strategies and Key actions:

**1. Work to influence the U.S. financial reform legislation:** The U.S. groups noted above led an effective effort to win reforms that will help stabilize global food and energy prices. The coalitions helped organize expert testimony and analysis, as well as sign-on letters to Congress and President Obama (including this [one](#)<sup>35</sup>, signed by more than 100 groups outside the US).

### Some key results:

- The bill will require 80-90% of derivatives to be traded on exchanges and through clearinghouses that will provide more transparency and require collateral for trades. The remaining 10-20% that will not have to go through exchanges will be for commercial end users who are legitimately hedging risk.

<sup>33</sup> <http://usfoodcrisisgroup.org/>

<sup>34</sup> <http://www.agribusinessaccountability.org/>

<sup>35</sup> <http://stopgamblingonhunger.com/wp-content/uploads/2009/11/speculation-intl-sign-on-final.pdf>

- Establish position limits in commodity markets (limits as to how much a trader can hold in a certain commodity) and aggregate these limits across all the different markets.
- Require banks to spin off energy swaps trading into a separately capitalized entity.
- For more details, see this [article](#)<sup>36</sup>.

Much work will need to be done to make sure that these new laws are not watered down in implementation.

**2. Divestment Campaign:** The financial reform bill did not address the problem of commodity indexes and exchange-traded funds (ETFs). A surge of investments in these funds by pension funds and endowments is widely seen as a factor in price volatility. One next phase of work is a divestment campaign to persuade investors to pull out of commodity index funds. In August, about 35 civil society groups sent a letter to CALSTRS, the California teachers' retirement system, asking that they divest from such funds. CALSTRS agreed to a dialogue. Next steps will be to develop university campaigns for students and teachers to pressure their endowments to divest from commodities, and to work with civil society in other countries to pressure their own financial institutions. The divestment campaign will also be a tool for further education work on this complex issue.

**3. International Coordination targeting G20 and EU:** No matter how much is accomplished in the US, it could be undermined by lack of regulation in other markets. In August 2010, ActionAid began working with others to organize international conference calls to help with cross-border coordination. An international listserve was also created: [commod-spec-strat@googlegroups.com](mailto:commod-spec-strat@googlegroups.com). Some key opportunities include ongoing consultations with the European Commission regarding that region's reform process and a first G20 Agriculture Ministers meeting to be held in France in the spring of 2011 (exact date tbd).

**4. Education:** One tool already developed is a web site (<http://stopgamblingonhunger.com/>) set up by Maryknoll, Sojourners, and Food and Water Watch. It features an animated video and is designed as a clearing house of educational tools, actions, and technical information on commodities speculation. There are also plans to work with academic and industry experts to organize a series of courses for activists on the basics of finance economics. These will likely begin in January 2011. The World Social Forum in Senegal in February 2011 is also seen as a key opportunity for education and coordination.

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<sup>36</sup> <http://www.cipamericas.org/archives/2859>

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## Case study #4: International Financial Institutions

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In 2009, a high-level UN commission on the financial crisis chaired by Nobel economist Joseph Stiglitz proposed wide-ranging reforms to the global financial system, including:

- establishing a UN Global Economic Coordination Council as a more democratic alternative to the G20,
- a new global reserve system to reduce dependence on the U.S. dollar,
- a new international debt restructuring court,
- consideration of new innovative financing mechanisms, including carbon taxes and financial transactions taxes, and
- comprehensive financial market regulation to prevent future crises.

More than a year after the Stiglitz Commission presented these proposals, there are few signs of movement towards these goals. The G-20 has declared itself (rather than the UN) as the “premier forum for international economic cooperation.” Even within the G20, however, there has been little cooperation around financial regulation, as the United States and the EU have largely gone their own ways. One thing the G20 did agree on was to pledge, in April 2009, more than a \$1 trillion in resources to the IMF, without requiring significant reforms of IMF practices. Thus, nearly all the resources committed by the G20 to low-income countries have been in the form of new loans, exacerbating existing pressures towards re-indebtedness for the poorest countries due to declines in export income and

remittance levels. Moreover, a substantial share of countries with IMF loan agreements signed since the beginning of 2008 have implemented pro-cyclical policies – for example cutting spending or tightening monetary policy -- that would be expected to worsen the recession, according to the [Center for Economic and Policy Research](http://www.cepr.net/documents/publications/imf-response-2009-10.pdf)<sup>37</sup>.



**October 2010 - Washington, DC**

Jubilee USA brought thousands of multicolor paper 'debt chains' from around the country and marched around the IMF and World Bank to the White House.

*Photo courtesy of Sarah Anderson.*

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<sup>37</sup> <http://www.cepr.net/documents/publications/imf-response-2009-10.pdf>

## Goals:

- Shift crisis response for the poorest countries away from loans to grants or debt cancellation.
- End harmful loan conditionality that undermines the ability of governments to support good jobs and the environment.
- Increase the role of the UN and alternative financing mechanisms (e.g., the Bank of the South) in development finance.
- Some groups are calling for increased use of the IMF's Special Drawing Rights (SDRs) as a tool for both innovative financing and systemic monetary reforms.

## Key coalitions:

In the United States, two key collaborative groups are: [Jubilee USA Network](#)<sup>38</sup>, a coalition of more than 70 faith-based, union, environmental, and other groups which has local chapters in communities around the country and is also connected to Jubilee groups in other countries, including Jubilee South; and [New Rules for Global Finance](#)<sup>39</sup>, which brings together academics and other policy analysts.

Internationally, some of the major networks are Jubilee South, the International Trade Union Confederation, ActionAid and other international development and health groups, [Third World Network](#)<sup>40</sup>, [Focus on the Global South](#)<sup>41</sup>, [SocialWatch](#)<sup>42</sup>, and [Eurodad](#)<sup>43</sup>. The UK-based [Bretton Woods Project](#)<sup>44</sup> has also played a convening role.

## Strategies and Key actions:

### United States:

**U.S. Congress/Administration:** A major focus is the Jubilee Act, which would expand debt cancellation to 22 additional impoverished countries left out of previous debt relief deals and calls for an end to harmful economic conditions and an audit of past odious and illegitimate debts. In the last session, the bill passed the House and the Senate Foreign Relations Committee.

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<sup>38</sup> <http://www.jubileeusa.org/>

<sup>39</sup> <http://www.new-rules.org/>

<sup>40</sup> <http://www.twinside.org>

<sup>41</sup> <http://www.focusweb.org/>

<sup>42</sup> <http://www.socialwatch.org/>

<sup>43</sup> <http://www/eurodad.org>

<sup>44</sup> <http://www.brettonwoodsproject.org/>

There is also an IMF Working Group involving about 20 organizations. One of their key strategies has been to urge Congress to place certain conditions on U.S. funding of the international financial institutions. In response to the crisis, for example, they have pushed for new rules that would require U.S. representatives to the IFIs to oppose crisis loans that require harsh austerity measures.

**Grassroots Education:** Jubilee organizes speaking tours with participants from the Global South at community centers, colleges, churches, synagogues, and living rooms. Other groups, such as the National Alliance for Latin American and Caribbean Communities (NALACC) and Grassroots Global Justice have done education on debt and free trade alternatives.

**Promoting SDRs:** Despite the highly technical, even abstract, nature of this issue, there is growing interest in SDRs. With the Stiglitz Commission, George Soros, and even the IMF Managing Director speaking in favor of their increased use, groups like ActionAid and Third World Network that have been pushing the idea for some time have gotten increased momentum. According to [ActionAid](#)<sup>45</sup>, in addition to helping provide relatively low-cost funds for climate and other needs, SDRs could also be a key part of systemic monetary reform: “With the increasing volatility in both the U.S. dollar’s value and level of trust, SDRs may be an effective vehicle to serve as an international reserve currency.” An obvious challenge will be to open the minds of U.S. officials to the idea that reducing the world’s dependence on the American dollar may not be a bad thing.

## Results:

- In February, the U.S. Treasury and the G7 responded to strong pressure from Jubilee and other groups by announcing its support for debt cancellation and grants (not loans) for Haiti. Although this was in the context of that country’s devastating earthquake rather than the financial crisis, it set an important precedent that crisis-ridden countries need relief without strings rather than more debt.
- At the World Economic Forum, IMF Managing Director Dominique Strauss-Kahn offered a proposal to use SDRs as a financing instrument. George Soros made a similar proposal at the Copenhagen conference on climate. SDRs are also being considered by the High-

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<sup>45</sup> [http://www.eurodad.org/uploadedFiles/Whats\\_New/Reports/sdr\\_for\\_climate\\_financel.pdf](http://www.eurodad.org/uploadedFiles/Whats_New/Reports/sdr_for_climate_financel.pdf)



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## Case study #5: Building a Grassroots Alternative: The Inter-Alliance Dialogue

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As we've seen over the past two years, systemic change does not happen overnight. There is a strong need in the United States for long-term social movement building to build a stronger counterweight to entrenched powers. This case study focuses on a new network of networks called the Inter-Alliance Dialogue (IAD) that came together in December 2008 to help combine their grassroots efforts to build movement infrastructure and push bold solutions to the crisis over the short- and long-term.

### Who's involved:

IAD network members are: [Grassroots Global Justice](#)<sup>46</sup>, [Jobs with Justice](#)<sup>47</sup>, [National Day Laborer Organizing Network](#)<sup>48</sup>, National Domestic Workers Alliance, [Pushback Network](#)<sup>49</sup>, and [Right to the City](#)<sup>50</sup>. Collectively, these networks represent hundreds of thousands of poor, working class members from predominantly people of color and historically disenfranchised communities throughout the United States.

### Goals:

IAD seeks to: 1) Respond to the current economic and environmental crises by developing a bold agenda for change founded on a vision of just, equitable, democratic and sustainable recovery, 2) Ensure that base constituencies are united at the forefront of efforts for transformative social change, 3) Achieve a level of scale and impact beyond the reach of the separate national networks/alliances, and 4) Develop local, regional and national capacity.

### Key activities in 2009-2010:

- Response to the economic crisis, including membership education on the root causes; a hearing with the Congressional Progressive Caucus to provide grassroots testimonies on the impact on low-income families; and development of a set of representational values and prospective national policy demands.
- Collaboration on immigration, including creation of a national strike fund for IAD groups for rapid response needs; national support to NDLO and grassroots organizations in

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<sup>46</sup> <http://www.ggjalliance.org/>

<sup>47</sup> <http://jwj.org/>

<sup>48</sup> <http://www.ndlon.org/>

<sup>49</sup> <http://pushbacknetwork.org/>

<sup>50</sup> <http://www.righttothecity.org>

Arizona in the wake of the passage of Arizona anti-immigration legislation; and hosting a National Organizers Summit to Turn the Tide on Criminalization and Enforcement in New Orleans.

- Leadership in the U.S. Social Forum in Detroit in June, including: organizing a delegation of 1,000 grassroots members and three Peoples Movement Assemblies on Excluded Workers (see more detail below); urban employment and housing; and alternatives to the economic and ecological crises.



**June 2010 – Detroit, Michigan** National Domestic Worker Alliance at the Excluded Workers Congress and the Inter-Alliance Assembly at the US Social Forum. *Photo courtesy of Jobs with Justice.*

IAD's work is currently focused on three tracks:

### **1. Addressing Immediate Economic, Immigration, and Climate Crises:**

**Turning the Tide on the Economic Crisis and Building a Movement for Full and Fair Employment:** This component (anchored by Jobs with Justice) seeks to address the unemployment crisis, prevent the erosion of the public sector, and hold both private/public interests accountable to both the economic collapse and the responsibility of recovery.

**Turning the Tide on Criminalization and Enforcement and Building a Vision of Inclusive and Participatory Communities** NDLO is the anchor lead network on this effort, which is focusing on three primary strategies:

- *Front-line states* – Developing the capacity of state-based coalitions to take on anti-immigrant policies through grassroots organizing of community defense councils, at the legislative level, and in the courts.
- *Beacon cities* – Deepening activity among IAD local affiliates and allies in strategic municipalities that are choosing to opt out of particularly harmful anti-immigrant policies, such as the “Secure Communities” program and 287g agreements.

- *Cross-sectoral work* – Strengthening collaboration between the immigrant rights movement and other sectors, including organized labor and women’s organizations.

**Turning the Tide on the Climate Crisis and Building a Movement for Resilient communities and Global Well Being:** This initiative is currently focusing on ensuring a strong presence of grassroots voices in solidarity with organizations from the Global South (such as Via Campesina) at the Cancun global climate talks, as well as decentralized local actions to educate the public about the catastrophes of the ecological crisis and positive alternatives.

**2. Long-Term Policy Demands:** After consultations within IAD and with progressive economists and other technical experts, IAD set two priority two long-term policy goals:

***National Inclusion Act to:***

- expand the right to organize to all workers. Many groups of workers are excluded from the National Labor Relations Act, such as farm workers and domestic workers, as well as groups of workers who are effectively excluded from the right to organize by “right-to-work” laws or by virtue of the nature of their work as guest workers or day laborers. This legislation would offer a rewriting of labor law to ensure everyone’s right to organize as a basic human right, and a constitutional right to be free from slavery.
- include communities in the regulation of banks and finance and decisions on government dollars, particularly those going to corporate interests. This could be based on the Section 3 example in U.S. housing law, which requires consultation with communities on housing dollars spent.

As noted above, IAD convened an Excluded Workers Congress at the USSF as a first step towards the Inclusion Act. The Congress included domestic workers, taxi drivers, workers from “right-to-work” states, day laborers, restaurant workers, formerly incarcerated workers, farmworkers, welfare/workfare workers, guestworkers and others who do not have full rights under U.S. law. At a follow-up meeting in late September they identified three key campaigns:

- ***Establishing an Excluded Worker Task Force within the Department of Labor*** to ensure effective enforcement and to strengthen workplace rights of excluded workers.

- ***Demanding a meaningful minimum wage*** to raise and index the minimum wage and including workers who are excluded.
- ***A campaign to win the P.O.W.E.R. Act***, which will give legal status to workers who are fighting for their labor rights, protecting them from threats and retaliation.

The campaign also seeks to build meaningful relationships with partners in the trade union movement both within the United States and internationally. Building off of the work, expertise and relationships that the National Domestic Workers Alliance has developed through working on the “Decent Work for Domestic Workers” international convention on domestic work at the ILO, the Excluded Workers Congress will seek to work in partnership with global labor movements and use the vehicle of the ILO to collaboratively build an international framework and movement to expand the right to organize as a human right.

Ashim Roy of the New Trade Union Initiative in India, a leader in the regional Asia Floor Wage Campaign to establish a regional floor wage in the garment industry in Asia and a global bargaining structure to bring garment worker unions together across borders into joint negotiations with brands, was invited to participate in the inaugural congress. One item on the Excluded Workers Congress agenda for 2011 is to organize an international conference on the human right to organize to continue and strengthen collaboration internationally.

### ***The National Community Reinvestment Bank***

The proposal is to create a national bank with federal dollars with a community Board of Directors to support local community-run economic development initiatives. IAD networks used the USSF to lay the groundwork to launch a more fully developed campaign around the National Community Reinvestment Bank in late 2010. The Steering Committee is working with both the base of its membership to lift up ideas/concepts that resonate with the base while simultaneously engaging with academics, economists and policy analysts to assess opportunities and conceptual frameworks.

**3. Building Political Unity:** The IAD has created space for members of its six founding coalitions to discuss common strategy, shared language, and common approaches to social change. The goal is to both build the power necessary to influence local and federal policies, but also to develop a shared language around a positive agenda.

### III. NEEDS OF CIVIL SOCIETY GROUPS WORKING ON THE CRISIS

This paper did not attempt an exhaustive or representative survey of the needs of civil society groups responding to the crisis, but the subject inevitably came up in interviews. Three major themes jumped out that seemed worth noting.

#### **More Support for Grassroots Organizing Sector**

Several people interviewed for this paper pointed out that in response to the crisis, there has been funding made available for new coalitions, particularly their Washington operations, while other groups are suffering the double blow of funding scarcity and increased workloads.

Here are a few representative quotes:

“There’s a lot of money going into coalition infrastructure, but not enough going into the grassroots groups that are members of those coalitions.”

“When there is funding for field organizing, it goes to support coordinators who parachute in, rather than supporting the groups already on the ground.”

“Rather than more national meetings, we need regional meetings to help support key states and Congressional districts.”

**“There’s a lot of money going into coalition infrastructure, but not enough going into the grassroots groups that are members of those coalitions.”**

#### **Education on Financial Markets**

Nearly every person interviewed for this report pointed to the need for training on the workings of financial markets – not just for the general public, but also for the NGOs and activist leaders.

Here are a few representative quotes:

“Knowledge is power. We don’t need more big conferences. We need classroom-style education on how financial markets work.”

“The biggest need is for training. We are completely dependent on a few technical experts to tell us what to ask for. It reminds me of back in the 1980s when people were afraid to work on Third World debt because they thought it was too complicated and then in the 1990s when people were afraid to work on trade for the same reason. Now, with anybody on the left, it’s assumed that you’re at least a mini-expert on trade and debt. We need to make that happen on finance.”

“Commodity speculation affects food stamps, hunger rates. But we need to make it easier for people to connect these dots. I’ve worked on trade and finance for 10 years and even for me, it’s hard.”

**“Knowledge is power. We don’t need more big conferences. We need classroom-style education on how financial markets work.”**

“There’s a real need for simpler materials, especially on commodity speculation. I myself can just barely follow the discussion.”

Some people did caution, however, against investing time and resources into educational activities at the expense of grassroots mobilization. “Look at the Tea Party – they haven’t done any education, but they’ve shifted the debate. I think people know enough to be angry about it, they just need a vehicle.”

### **More Support for Communications**

Several people expressed frustration that while there’s a lot of work being done by grassroots and other civil society groups, it’s not adding up to more than the sum of its parts in the same way that the Tea Party has been able to do.

“Grassroots groups particularly need more strategic communications strategy. We need to develop stronger narratives.”

“We need more noise in the streets. There’s a need for funding for just the most basic things, like money for buses. But even when we are putting people into the streets, it’s not projected well. We need an overall media strategy for the progressive movement. We’re doing a lot of stuff, but we need somebody who’s connecting the dots and weaving it all into a narrative. We need to change the conversation.”

**“Grassroots groups particularly need more strategic communications strategy. We need to develop stronger narratives.”**

## IV. FOR FURTHER READING

The following list was compiled by FNTG:

**Timeline: The Global Economy in Crisis**<sup>51</sup>

Interactive timeline from the Council on Foreign Relations showing how weaknesses in the US financial sector in 2007 sparked a crisis that spread to the global economy

**Institute for Policy Studies Program on Inequality and the Common Good**<sup>52</sup>

Focuses on the dangers that growing inequality pose for U.S. democracy, economic health and civic life; coordinates the Working Group on Extreme Inequality.

**The Big Picture**<sup>53</sup>

Barry Ritholtz's blog for investment professionals, media and anyone else interested in investing, markets and the economy.

**Triple Crisis**<sup>54</sup>

Global Perspectives on Finance, Development and the Environment

**The Conscience of a Liberal**<sup>55</sup>

Paul Krugman's Op Eds and blog posts for the NY Times

**Showdown in America**<sup>56</sup>

Campaign led by National People's Action to keep families in their homes, hold banks accountable and fix the broken financial system

**Campaign for America's Future**<sup>57</sup>

Blogs for an economy for all

**Center for Economic and Policy Research**<sup>58</sup>

Promoting democratic debate on the most important economic and social issues that affect people's lives.

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<sup>51</sup> <http://www.cfr.org/publication/18709/timeline.html>

<sup>52</sup> <http://www.ips-dc.org/inequality>

<sup>53</sup> <http://www.ritholtz.com/>

<sup>54</sup> <http://triplecrisis.com>

<sup>55</sup> <http://krugman.blogs.nytimes.com/>

<sup>56</sup> <http://showdowninamerica.org/research>

<sup>57</sup> <http://www.ourfuture.org/blog/all/An+Economy+for+All>

<sup>58</sup> <http://www.cepr.net/>

**Coalition for an Accountable Recovery**<sup>59</sup>

Promotes accountability for both government agencies and the companies that contract with or benefit from the American Recovery and Reinvestment Act of 2009

**10 Ways to Game the Carbon Markets**<sup>60</sup>

Commodities Speculation on the Carbon Market

**Beat the Press**<sup>61</sup>

Dean Baker's blog how financial issues are reported in the national press

**WonkBook - Financial Crisis**<sup>62</sup>

Ezra Klein's blog on the financial crisis in the Washington Post

**Government is Good**<sup>63</sup>

Douglas Amy's website intended to balance out the debate over government and to set the record straight about this much maligned institution.

**Americans for Financial Reform**<sup>64</sup>

News and information about the fight to protect everyday American consumers, investors, and workers from Wall Street's greed and excess

**Tracking the Global Financial Crisis**<sup>65</sup>

Weekly update tracking how states and non-state actors are reacting to the current global financial crisis

**Debtonation**<sup>66</sup>

Ann Pettifor's blog about the global financial crisis

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<sup>59</sup> <http://www.accountablerecovery.net/>

<sup>60</sup> [http://www.foe.org/sites/default/files/10WaystoGametheCarbonMarkets\\_Web.pdf](http://www.foe.org/sites/default/files/10WaystoGametheCarbonMarkets_Web.pdf)

<sup>61</sup> <http://www.cepr.net/index.php/beat-the-press/>

<sup>62</sup> [http://voices.washingtonpost.com/ezra-klein/financial\\_crisis/](http://voices.washingtonpost.com/ezra-klein/financial_crisis/)

<sup>63</sup> <http://www.governmentisgood.com/articles.php?aid=6>

<sup>64</sup> <http://ourfinancialsecurity.org/>

<sup>65</sup> <http://allahcentric.wordpress.com/2010/10/02/tracking-responses-to-the-global-financial-crisis-%E2%80%93-update-saturday-october-2nd/>

<sup>66</sup> <http://www.debtonation.org>