



FOR IMMEDIATE RELEASE

Greater social investment and more liquidity without policy conditionalities is the way to deal with the crisis in developing countries.

SEPTEMBER 23, 2009 (PITTSBURGH, USA): The two major South-based international civil society networks Social Watch and Third World Network have jointly called on G-20 leaders to address and pledge to greater social and development investment and to enact a more thorough restructuring of the international financial institutions (IFIs). A deeper commitment to address social inequities and the asymmetric structures of IFIs is the most effective way to mitigate the dramatic social impacts of the current economic crisis and prevent future shocks. These networks, representing grassroots organizations in over 70 countries, will present their policy recommendations today September 23 at 12 noon at the Pittsburgh Renaissance Hotel (107 6th Street) in the run-up to the G-20 summit.

Social Watch will present the findings from its 2009 Report, titled *People First*, which offers documentation on the social, environmental and labor impacts of the crisis from citizen organizations in 61 countries. The Report profiles how job cuts, falling revenues of private pension funds and lower levels of remittances are resulting in a drop in the standard of living for people in both rich and poor countries alike that will not be reversible in the short term, despite some positive indicators that are beginning to register in the world markets. "In India, the half a million workers who have already lost their jobs due to the crisis are putting a serious strain on the already minimalist social security system," states Amitabh Behar, co-convenor of Social Watch India.

In addition, the national reports in *People First* show how the world's least developed countries, who played no part in causing the crisis, are now suffering its worst effects, with countries such as Tanzania and Mozambique at risk of losing the vital sources of foreign aid which make up 42% and 50%, respectively, of their national budgets.

The civil society leaders contributing to *People First* urge governments to incorporate criteria of transparency, accountability, and inclusiveness when formulating policies to overcome the effects of the crisis both on a national and international level. "Government intervention is a critical element in ensuring economic recovery, yet mechanisms must be developed to ensure citizen oversight and accountability," claims Tanya Dawkins of Global-Local Links Project and Social Watch USA. This is particularly true with reference to the G-20 and G-8, which are self-selected international forums with no formal legal status, no secretariat, and no fixed set of rules that govern their decision-making processes.

In the Third World Network (TWN) policy brief which will also be launched today, titled *Mapping the opportunities and challenges emerging from the UN Conference on the Financial and Economic Crisis*, this think-tank from the global South provides a critique on the G-20's legitimacy, accountability, transparency and content. TWN argues that the G-20's allocation of \$1.1 trillion in new resources to the Bretton Woods Institutions as their principle strategy to increase liquidity for countries being impacted by the crisis, is insufficient and flawed when substantial policy and governance reforms have not been required in exchange for their financial s. Specifically, developing and low-income countries should be able to access these funds without having to comply with pro-cyclical conditionalities such as wage cuts



for public sector employees and freezes in pension systems, thus giving them more policy space in order to kick-start domestic demand.

TWN highlights that in contrast to the G20's communiqués from its last two summits, the UN Conference on the World Economic and Financial Crisis, held in the General Assembly in June, addressed the development crisis within the current financial crisis. The outcome document of the UN Conference urged for increased policy space for developing countries hit hard by rich countries' protectionist measures, and emphasized the need for capital account controls and financial assistance for developing countries that is not attached to pro-cyclical economic conditionalities which exacerbate economic recessions and intensify poverty in order to meet foreign debt payments and secure investor confidence.

In addition, at least another \$1 trillion should be made available to low-income countries through Special Drawing Rights and other non-debt creating mechanisms, so that they can enact their own much-needed stimulus packages. Measures to prevent a resurgence of the debt crisis that has plagued many of these nations also need to be enacted, including partial or full debt cancellations, immediate debt standstills, and the establishment of an international debt assessment and arbitration panel. According to Bhumika Muchhala of TWN, "Significant reforms must be made to the framework and principles of current debt workout mechanisms, so that the crisis does not doubly penalize low-income countries by saddling them with unsustainable levels of sovereign debt."

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PRESS CONFERENCE

WEDNESDAY, SEPTEMBER 23RD, 2009 – 12 NOON

**RENAISSANCE HOTEL
107 6th Street, Pittsburgh, PA**

The press conference venue has been provided by Citizens for Global Solutions as part of its Network for Responsible Global Policy project, which seeks to bring together organizations and individuals who support responsible global engagement in an increasingly interdependent world.

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