



CALL TO ACTION

Our Call to Action: Regulate Global Finance Now!

The global financial crisis is spilling over into our lives, threatening jobs, savings, pensions and public services everywhere! Today's crisis isn't just another economic downturn – it's a systemic crisis bursting across the globe: a crisis of unregulated financial markets driven by neoliberal ideology that have sold out long-term investment, jobs, wages, the environment and the general well-being of the planet and its people for the benefit of a few.

It's time for citizens around Europe to raise our voices and demand that the fundamental causes of this crisis be addressed! We need tough rules to stop the financiers' folly, and a new framework that better serves the public interest. **Equality, social justice and solidarity should be considered as our core global values.** It's urgent that we increase the level of democracy, transparency and accountability of the institutions dealing with financial regulation and supervision. **Our vision of the financial system we want is clear:** we want to create well-functioning and efficient financial markets that are capable of providing long-term, green, job-creating investments to achieve global development.

To European leaders :

Finance must become a global public good, and should be designed to serve the real economy! Both in Europe and globally we need more than just new regulations – we have to put the financial system at the service of people's interests.

We urge you to take the lead in fixing the fundamental flaws and loopholes which made the global financial crisis possible in the first place.

We need you to work together to protect the public good by framing stronger rules for all parts of the global financial system.

We expect you to be accountable to the people in solving the crisis. **The time for self-regulation is over. Therefore, we urge you to take the following actions as soon as possible:**

- **Regulate speculative funds, such as hedge funds and private equity funds. We urge you to come forward with a comprehensive, far-reaching, effective regulation - as soon as possible!**

Financial institutions making up the "shadow banking system" created a massive gambling den at the heart of the global financial casino. Hedge funds and private equity funds flourished in the shadows, far from the sunlight of regulation. **In the coming months, the European leaders will have to decide on the future of our financial system, and more specifically on the future of hedge funds and private equity.** In April 2009, the European Commission proposed a piece of legislation to regulate hedge funds and private equity: the so-called "Alternative Investment Funds Managers" (AIFM) directive. European

governments and Members of the European Parliament now have to decide whether to introduce effective regulation of speculative funds or not.

- **Create a financial transaction tax.**

In response to the current crisis, governments around the world have been stabilizing and protecting their economies and jobs with taxpayers' money. Many citizens ask themselves: Who's going to pay the bill for this? Are taxpayers the only ones to pay, or will financial markets and investment bankers be held accountable to pay parts of the burden? **Taxing the financial sector would enhance fairness.** Moreover, this will increase government revenue, which is badly needed to support the transition towards more inclusive, fairer and cleaner societies. **While dumping purely speculative, socially useless activities, a financial transaction tax would promote the sustainable, long-term investments that are needed to green our economies.** And last but not least, global financial transaction tax of 0.05% could yield revenue of about 1% of nominal world GDP per year. This would provide funding for long-term public investments, to finance global development and climate change. **Only through such policies can solidarity at a global level be enhanced.**

- **Control over executive & shareholder bonus and remuneration.**

A culture of massive bonuses has encouraged reckless risk taking and has had a pernicious economic effect, all while making social inequity worse. **Remuneration schemes must be regulated by law** to reflect and promote long-term economic, social and environmental performance and allow companies to allocate profits to the companies' productive and job-creating activities. **Remuneration of management and traders should be capped** in line with workers' pay and pensions and, in the case of financial services, linked to responsible sales and lending practices. **The cashing-in of bonuses and other performance-related schemes within five years should be prohibited.** And last but not least, **shareholders must be prevented from plundering the wealth of companies** during growth times through dividends and 'share buy-back' programmes, which leave companies with undercapitalised balance sheets during economic downturns.

- **Close down tax havens.**

Citizens pay taxes. Companies -- including financial institutions that have been bailed out by the taxpayer - employ the best accountants in town to use tax havens to avoid tax. One fund manager admitted he paid less tax than his cleaning lady! It's unfair and unacceptable. The existence of tax havens also encourages capital flight and tax evasion, especially in developing countries. The money lost to tax havens could help plug the hole in the public finances and create tens of thousands of jobs. **We want to bring tax havens, offshore financial centres (OFCs) and bank secrecy jurisdictions in line with international standards. Automatic exchange of information, a proper multilateral agreement and strong sanctions against non-compliant territories and users are key in seriously addressing this problem.**

- **Protect consumers against toxic financial products and predatory lending.**

The crisis has shown that toxic financial products can spread an economic virus with devastating economic and social consequences. Citizens need to be protected from high risk financial products and misguiding credit lending practices in the same way that they are protected against risky drugs and a financial consumer protection agency needs to be established. Bank employees should be able to give good advice to consumers.

- **Democratize finance.**

We can no longer let central bankers and lobbyists from the industry decide alone on regulations and accounting standards. Social partners and civil society organisations need to have a far stronger say in the decision-making process!

At the European level, trade unions and civil society organisations must have a seat on the European Systemic Risk Board, as well as on the European supervisory bodies. International institutions such as the

Financial Stability Board (FSB) or the IMF should give civil society organisations and trade unions a consultative status. The FSB and the IMF should publish their draft reports on their website for public input and comment.

The crisis must provide the trigger for a wholesale reform of the global economic order into a new, fair, transparent global financial system, and the EU governments and the European institutions must act now to achieve sustainable development, social justice and a new respect for the planet.

Are you committed to our goals? Sign up!

To add your voice, click here: <http://europeansforfinancialreform.org/en/petition/regulate-global-finance-now>