



The Global Sustainable Development Resolution

By Jeremy Brecher and Brendan Smith

For the past decade, through both Republican and Democratic administrations, the U.S. government has promoted a model of free-market global capitalism that it claimed would benefit the great majority of people both at home and abroad. This model has failed.

The countries that were the showcases for globalization's success collapsed in economic shambles as the 1990s ended. South Korea's economy shrank by 45% and Thailand's by 50%. Indonesia's shrank by nearly 80%, and gross domestic product per capita has fallen from \$3,500 to \$750. The economic crisis that began in Asia ricocheted around the world. Russia fell in default, Japan into recession, and Africa and Latin America in financial turmoil. The U.S. "bubble economy" is showing puncture wounds, with a decline in manufacturing and a sharp contraction in agriculture.

Brown (OH), Peter DeFazio (OR), Lane Evans (IL), Dennis Kucinich (OH), Barbara Lee (CA), and Cynthia McKinney (GA) as original cosponsors. The resolution lays out a path for reconstructing the global economy based on labor and human rights, protection of the environment, and new initiatives to encourage socially and environmentally sound national and local development.

- Following the lead of Germany, Japan, and other developed countries, the resolution calls for tighter controls on currency movements and international cooperation to manage exchange rates.

- Following the initiative of the labor and human rights movements worldwide, it proposes enforceable human rights, including labor, social, and economic rights, as fundamental principles embodied in trade agreements and international financial institutions.

- Following the call of religious groups around the world, it demands that the debt of the world's poorest countries be cancelled.

- Following the proposals of the environmental movement worldwide, it proposes to end funding of environmentally destructive projects by the World Bank and IMF and to channel global investment funds into sustainable development that strengthens the economies of local communities.

- Following the work of groups concerned with poverty in the third world, it recommends reversing the IMF's "mission creep" and limiting the IMF to its original mandate of contributing to "the promotion and maintenance of high levels of employment and real income and to the development of the productive resources" of its members.

Commenting on the resolution, the Campaign for Labor Rights wrote that, if passed, "This resolution would be a starting point for taking power away from corporations and putting it back into the hands of the people. Skeptics will rush to tell us that this resolution cannot possibly pass a Congress whose members have ridden to power on corporate money—and they will be right. Its importance lies not in its immediate legislative chances. This resolution bangs on the wall and forces the corporate cockroaches and their friends in government to come running out and declare themselves AGAINST worker rights, AGAINST environmental protection, AGAINST democratic process, AGAINST accountability. And it puts us in the affirmative on those values."

The new global economy has had a profound and at times destructive impact on the majority of Americans and of people around the world. Given that most people have had little say in designing or governing the global economy, the current structure of the global economy violates the fundamental right of people to equality and self-determination as proclaimed in the U.S. Declaration of Independence and the Universal Declaration

of Human Rights. Uncontrolled globalization threatens the very sustainability of local and global environments. And today the global economy has entered a crisis that threatens the economic security and well-being of people throughout the world.

Over and over the mantra has been repeated that "there is no alternative" to this deregulated global capitalism. But, from debates over NAFTA, Fast Track, WTO, MAI, and the IMF, and from scholars and activists around the world, progressive alternatives have been emerging. Their aim is to build a new global economy that benefits poor and working people and the environment rather than despoiling the planet and its people to enrich a wealthy elite.

A group of progressive legislators, nongovernmental organizations, trade unionists, and expert advisers have helped draft the Global Sustainable Development Resolution, incorporating many ideas drawn from this international dialog. The resolution was initiated by Congressman Bernie Sanders and has Sherrod

Key Points

- Unregulated global capitalism has had disastrous effects worldwide and threatens the future of the U.S. economy as well.
- There are alternatives to unregulated global capitalism.
- The Global Sustainable Development Resolution spells out a pathway to change.

The unregulated global economy promoted by the U.S. generates many deleterious consequences. The Global Sustainable Development Resolution presents a number of them as findings of Congress.

Volatility: Global financial deregulation has reduced barriers to the international flow of capital. More than \$1.5 trillion now flow across international borders every day in the foreign currency market alone. This excess volume contributes to financial instability and is too large for each nation to be able to intervene to restore monetary stability. The result is a world economy marked by dangerous and disruptive financial volatility.

Race to the bottom: Globalization promotes a destructive competition in which workers, communities, and entire countries are forced to cut labor, social, and environmental costs in order to attract mobile capital. When many countries do the same thing the result is a disastrous "race to the bottom."

As each workforce, community, or country seeks to become more competitive by reducing its wages and social and environmental overheads, lower wages and reduced public spending result in less buying power. This leads to stagnation, recession, unemployment, and global economic crisis.

Impoverishment: The era of globalization has seen not a reduction but a vast increase in poverty. For example, globally, unemployment is approaching one billion. In the U.S., real average wages were \$9 per hour in 1973; twenty-five years later they were \$8 per hour. The median family income was \$1,000 less in 1996 than in 1989. The typical married-couple family worked 247 more hours per year in 1996 than in 1989—that is more than 6 weeks worth of additional work.

Inequality: Globalization has contributed to an enormous increase in the concentration of wealth and the growth of poverty both within countries and worldwide. 447 billionaires have wealth greater than the income of the bottom half of humanity. In the U.S., the richest man has wealth equal to that of the bottom 40 per cent of the American people. The total wealth of the world's three richest individuals is greater than the combined gross domestic product of the 48 poorest countries—a quarter of all the world's states.

The downward pressures of globalization have been focused most intensively on discriminated-against groups that have the least power to resist, including women, racial and ethnic minorities, and indigenous peoples. Women have been the prime victims of exploitation in export industries and have suffered the brunt of cutbacks in public services and support for basic needs. Immigrants and racial and ethnic minorities in many parts of the world have not only been subject to exploitation, but have been abused as scapegoats for the economic troubles caused by corporate globalization. Indigenous peoples have had their traditional ways of life disrupted and their economic resources plundered by global corporations and governments doing their bidding.

Degradation of Democracy: Globalization has reduced the power of individuals and peoples to shape their destinies through participation in democratic processes.

Of the 100 largest economies in the world, 51 are corporations, not countries. Globalization has greatly increased the power of global corporations relative to local, state, and national governments. The ability of governments to pursue development, full employment, or other national economic goals has been undermined by the growing power of capital to relocate to other jurisdictions. There are few international equivalents to the anti-trust, consumer protection, and other laws that provide a degree of corporate accountability at the national level. As a result, corporations are able to dictate policy to governments, backed by the threat that they will relocate.

Governmental authority has been undermined by trade agreements, such as NAFTA and the WTO, and by international financial institutions, such as the IMF and World Bank, which restrict the power of national, state, and local governments to govern their own economies. These institutions themselves are sorely lacking in democratic control and accountability. They are all too often themselves complicit in the denial of human rights.

Key Problems

- Globalization has led to economic crises and plunging standards worldwide.
 - Globalization has led the rich to become unimaginably rich while the great majority of the world's people have been impoverished.
 - Globalization has transferred power from democratic governments to unaccountable corporations.
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Editors

Tom Barry (IRC)
Martha Honey (IPS)

Production

Grant Moser (IRC)

Communications Director

Tim McGivern (IRC)

Orders and subscription information:

Mail: PO Box 4506
Albuquerque, New Mexico 87196-4506
Voice: (505) 842-8288
Fax: (505) 246-1601
Email: resourcectr@igc.apc.org

Editorial inquiries and information:

IRC Editor	IPS Editor
Voice: (505) 388-0208	Voice: (202) 234-9382/3 ext. 232
Fax: (505) 388-0619	Fax: (202) 387-7915
Email: resourcectr@igc.apc.org	Email: ipsps@igc.apc.org

Website: <http://www.foreignpolicy-infocus.org>

The Global Sustainable Development Resolution lays out goals for a new global economy policy, pathways to reach them, and specific reforms in such areas as the international financial system, the World Bank, IMF, and other international financial institutions, global debt reduction, global corporate accountability, and international trade agreements.

Goals: Under the resolution, U.S. policy goals include:

- reducing the threat of financial volatility and meltdown
- democracy at every level from the local to the global
- human and labor rights for all people
- environmental sustainability worldwide
- economic advancement of the most oppressed and exploited groups

Key Recommendations

- Create a new, inclusive dialogue in the U.S. and worldwide on the future of the global economy.
 - Develop a new international financial strategy that supports sustainable development through coordinated economic policies.
 - Redesign existing institutions of the global economy to make sustainable development rather than unlimited mobility of capital their goal.
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Major recommendations of the resolution include:

Initiating National Dialogue: The U.S. shall establish a Commission on Globalization to develop the broadest possible dialogue by the people of the U.S. on the future of the global economy.

Initiating Global Dialogue: The U.S. shall initiate the establishment of a United Nations Commission on the Global Economy to initiate a process of global dialogue on the future of the global economy.

It will also create a Global Economy Truth Commission to investigate abuses in the use of international funds and abuses of power by international financial institutions.

Global Sustainable Development Agreement: A series of Bretton Woods-type conferences, with representation of civil society, will make recommendations for and initiate negotiation of a Global Sustainable Development Agreement.

Global Sustainable Development Financial Strategy: Through such negotiations, the U.S. will develop and implement a strategy to counter those aspects of the global financial system that make it more difficult for communities, regions, and countries to pursue sustainable development. The purpose of this strategy is to restructure the international financial system to avoid global recessions, protect the environment, ensure full employment, reverse the polarization of wealth and poverty, and support the efforts of polities at all levels to mobilize and coordinate their economic resources.

The financial strategy will provide an alternative to the “new financial architecture” being proposed by the IMF, World Bank, G-7, and U.S. Treasury. It will:

- encourage economic policies based on domestic economic growth and development, not domestic austerity in the interest of export-led growth
- encourage the major industrial countries to coordinate their economic policies to stimulate domestic demand

and prevent global deflation

- help countries adjust currency exchange rates without competitive devaluations
- develop means for assuring global liquidity, such as an expansion of the system of Special Drawing Rights
- reduce the flows of destabilizing short-term capital by the adoption of capital controls as necessary
- establish standards for and oversee the regulation of banks and non-bank financial institutions by national and international regulatory authorities
- encourage the shift of financial resources from speculation to sustainable development that is useful and environmentally positive, such as community development and targeted investment for small- and medium-sized businesses and farmers
- create public international investment funds to meet human and environmental needs and ensure adequate global demand by channeling funds into sustainable long-term investment
- develop international institutions to perform functions of monetary regulation that are currently performed inadequately by national central banks, such as a system of internationally coordinated minimum reserve requirements on the consolidated global balance sheets of all financial firms

Reform of International Financial Institutions: The IMF, the World Bank, and other international financial institutions will be required to reorient their programs from the imposition of austerity and destructive forms of development to support for labor rights, environmental protection, rising living standards, and encouragement for small- and medium-sized local enterprises. The IMF will terminate all activities except those fulfilling its original mandate of addressing short-term external trade imbalances.

Debt Reduction: The U.S. shall work with others to write off the debts of the most impoverished countries by the end of the year 2000. The U.S. will work with other nations to establish a permanent insolvency mechanism for adjusting the debts of highly indebted nations.

Checks on Unaccountable Corporate Power: To help establish public control and citizen sovereignty over global corporations and reduce their ability to evade local, state, and national law, the U.S. shall enter into negotiations to establish a binding Code of Conduct for transnational corporations which includes regulation of labor, environmental, investment, and social behavior. In addition, corporations incorporated and/or operating in the U.S. shall be held liable in U.S. courts for harms caused abroad.

Reform of International Trade Agreements: WTO and all other agreements regulating international trade will be renegotiated to reorient trade and investment to be means to just and sustainable development.

Brendan Smith was a Legislative Aide for Congressman Bernard Sanders(I-VT) and Jeremy Brecher is the co-author of Global Village or Global Pillage.

Sources for More Information

The Global Sustainable Development Resolution
is available via the World Wide Web at:
<http://www.netprogress.org>

AFL-CIO
Email: tle@afcio.org
Website: <http://www.afcio.org>

Campaign for Labor Rights
Email: clr@clr.org
Website: www.clr.org

Canadian Centre for Policy Alternatives
Email: ccpa@policyalternatives.ca
Website: <http://www.policyalternatives.ca/>

Center for Economic Policy Analysis
Email: cepa@newschool.edu
Website: <http://www.newschool.edu/cepa/index.htm>

Citizen's Trade Watch
Email: gtwinfo@citizen.org
Website: <http://www.tradewatch.org/>

Council of Canadians
Email: inquiries@canadians.org
Website: <http://www.canadians.org>

Economic Policy Institute
Email: epi@epinet.org
Website: <http://www.epinet.org>

Fifty Years Is Enough
Email: wb50years@igc.org
Website: <http://www.50years.org>

Financial Markets Center
Email: finmktctr@aol.com
Website: <http://www.fmcenter.org>

Focus on the Global South
Email: admin@focusweb.org
Website: <http://www.focusweb.org>

Friends of the Earth
Email: foe@foe.org
Website: <http://www.foe.org>

Global Exchange
Email: info@globalexchange.org
Website: <http://www.globalexchange.org>

Institute for Policy Studies
Email: ipsps@igc.org
Website: <http://www.ips-dc.org>

International Confederation of Free Trade Unions
Email: internetpo@icftu.org
Website: <http://www.icftu.org/>

International Forum on Globalization
Email: vmenotti@ifg.org
Website: <http://www.ifg.org>

International Innovative Revenue Project
Email: cecilr@hunboldt1.com
Website: <http://ceedweb.org/iirp/>

International Labor Rights Fund
Email: laborrights@igc.org
Website: <http://www.laborrights.com>

Jubilee 2000
Email: coord@j2000usa.org
Website: <http://www.j2000usa.org>

National Labor Committee
Email: nlc@nlcnet.org
Website: <http://www.nlcnet.org>

Preamble Center
Email: rhealey@igc.apc.org
Website: <http://www.preamble.org>

Results
Email: results@action.org
Website: <http://results.action.org>

Sierra Club
Email: information@sierraclub.org
Website: <http://www.sierraclub.org/>

Third World Network
Email: tw@igc.org
Website: <http://www.twinside.org.sg>

Tobin Tax Initiative
Website: <http://www.ceedweb.org/ttinit.htm>

UNCTAD
Email: gleckman@un.org
Website: <http://www.unctad.org/>

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Website: <http://www.undp.org>

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