



*International Association of Economic and Social Councils
And Similar Institutions
(AICESIS)*

IMPACTS OF THE GLOBAL CRISIS:
A VISION OF CIVIL SOCIETY

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This document was prepared within the sphere of the International Association of Economic and Social Councils and Similar Institutions (AICESIS). In 2012, AICESIS registered 71 countries from four continents: Africa, Asia, Europe and Latin America.

AICESIS members are economic and social councils, i.e. consultative institutions, including organizations representing the social partners (employers, trade unions) and other stakeholders of civil society. These are essential components of participatory governance in modern societies. National and macro-regional councils that are active members of AICESIS are autonomous assemblies with national and regional competences.

Acting as a network, AICESIS has set itself three main tasks, with full respect towards the independence of each of its members: first, to encourage exchange of experiences between members; second, to encourage social and civil dialogues between economic and social partners and promote participatory democracy worldwide; last, to build capacity of existing ESCs and encourage the creation of ESCs in countries which do not yet have them.

This document represents therefore the synthesis of the opinions of national organizations focused on the development of analysis and proposals on democracy, sustainable development and Millennium Development Goals achievement. Representatives of councils and similar institutions of over 70 countries with very different levels of development have been continuously discussing agendas and aspects involved in local and global situations caused by the current development conditions, analysing challenges and opportunities generated by the critical situation that the societies live both locally and globally.

AICESIS's input to the G20 addresses on one hand the main policy challenges and on the other the role of its members in these processes. By doing so, it aims at helping the elaboration of the right diagnosis and proposals and make them better understood and accepted by governments, civil society and people at large.

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The experience of broadening democracy through social participation mechanisms legally incorporated into the formulation, management and resolution processes of public policies has been multiplying itself in several countries. There are different approaches to this, but the forums or economic and social development councils prevail, with some of them provided with the power of scrutiny and oversight. They are formed by representatives of business associations, trade unions and other organizations of the civil society. This opening process in the Government-Civil Society relationship has produced positive effects, although still limited, in the consolidation of forms of development progressively closer to social needs and to national or regional organized interests.

The proposals presented here derive from the understanding of the multidimensional nature of the global crisis, as well as the economic, social and political changes that are essential for the construction of the sustainable development.

The picture of the global crisis

The global financial crisis has challenged markets, national states, international organizations and galvanized civil society. The search for an appropriate response to the crisis seems to be impossible without direct and active involvement of societal structures, based on

the ideas of solidarity, human rights and tolerance, united by the term 'civil society'. The global nature of the challenges makes us search for a broad-based consensus in the interpretations and analysis of key features of these challenges as well as the ways to overcome them.

The complexity of the global crisis demands reflection on appropriate actions for the resumption of the national and international development. The global instability and loss of dynamism of economies constitute the most visible dimensions of the crisis, with social, environmental, political and cultural reverberations, which are demanding a new paradigm of society and development. The crisis has caused a profound negative impact on development strategies in a number of countries and heightened regional economic and social imbalances. Poor countries have been particularly adversely affected by this crisis and merit assistance to restore economic equilibrium and international confidence.

This instability is extended to countries at different stages of development and at different geographies, emphasizing the systemic character of the crisis. This condition demonstrates the unsustainability of the globalization model and current development standards adopted in most countries.

The internationalization of the financial systems has modified the nature and determinants of the world economic dynamics: the combination of market deregulation and financial innovations, the free mobility of capitals, the volatility of the interests rates and the "currency wars" have, on the one hand, limited the reach of domestic macroeconomic policies and, on the other hand, been responsible for the crisis in the balance of payments in emerging and advanced economies.

The worsening of the crisis has pushed up unemployment across the world, restricting access to social rights, generating uncertainty about the future, especially among young people, women and other vulnerable social groups. In the productive sector the loss of confidence and dynamism has reduced employment in industry and agriculture, and accelerated the structural change of employment in the service sector. Social tensions are spreading as a consequence.

The technological progress, the demographic trends and the gradual transition into a low carbon economy cause rapid changes in the qualifications and skills required in the labor market, with a strong growth in new activities. However, most countries are not able to render educational policies a priority for the insertion of the youth in the productive world, limiting the potential of the post-crisis development and reducing the demand for emergency or compensatory policies.

The reduction in growth rates leads to less attention on the responsible use of environmental resources, worsening problems in local communities and interposing obstacles to the development in the long run.

As the crisis has deepened so too have levels of inequality both within and between countries at different stages of development. The prospect of growth of the world population under absolute poverty means a new outbreak of hunger and food insecurity, precarious work, diseases, wars, drug trafficking, among other problems that already are part of the daily lives of entire populations. According to the FAO, there are twenty-two countries undergoing a prolonged food crisis, living with recurrent natural disasters and/or internal conflicts, breakdown of ways of living and insufficient institutional capacity to respond to crises.

On the other hand, the production and consumption model based on the intensive use of the natural resources exacerbates the devastation of forests, pollution of waters, ground and air,

affecting the increase and intensity of the climate phenomena, the scarcity of arable lands and drinking water, and the reduction of biodiversity.

The awareness of the finite nature of the planet's resources is consolidated in several representations of the civil society, reaching, thus, a global character. The impossibility of replacement of physical resources and biodiversity, depleted by the unsustainable production and consumption and the world population growth, is already known. The increase in frequency and intensity of extreme climatic events has caused an increase in the inequalities, because the populations that mostly lack resources in social infrastructure are those that are the most affected.

Therefore, the impacts resulting from the globalization process, the global economic and financial crisis and climate changes require decisions agreed at the main multilateral instances to achieve progressive conditions in a post-crisis world. It is necessary to transform the development model of countries changing their production, distribution and consumption standards, under the perspective of another standard grounded on vital links among economy, society and environment.

The AICESIS input to the G20

AICESIS, in submitting this document, is to contribute to the strategic debate on the global development that occurs in this meeting of countries that are members of the G20. The expectation of the institutions represented by the Association is to actively contribute to multilateral deliberative processes on matters of global concern. Especially at this time of crisis, the governance processes for the development must be grounded on the balance among the different levels of government, civil society and the market, with the equity and the common interest of people being their constituent values.

The advisory role of civil society should be seen as complementary to democracy and integral to the governments' decision-making process. The conditions are to be created for the engagement of civil society:

- States should explain their positions and pay attention to civil society views;
- Civil society actors should be engaged in national and international dialogue and cooperation;
- NGOs' activities should be encouraged, as well as efforts in education and health promotion.

Overcoming of the current global crisis demands the deployment of a set of national and international policies for the construction of a sustainable cycle of economic, social, environmental and political development, subject to the specificities of the countries.

In this sense, AICESIS submits to G20 the following criteria:

- Uphold the principles and objectives of the **Millennium Development Goals**.
- **Strengthen democracy**, rule of law, respect of human rights, civil society participation and social dialogue as critical factors for the construction of a gradually sustainable and fair global society. The governance of confrontation strategies towards challenges, in all government levels, will be strengthened by society's participation in decision-making processes and **social control** of the results of the development policies.
- Recover the **social function of the economy**, by means of the redistribution of the income and wealth, the fight against unemployment and the promotion of equity.

Furthermore, retrieve the social policies of full and universal character, as generating factors of **economic stability** of population and maintenance of the economic production and consumption flow.

- Establish a **global framework** for a sustainable growth economy. Progress must be made towards breaking the vicious circle between weak banks, sovereign debt, speculation and lack of credibility. Coherent "building blocks", joining-up budgetary, financial and economic policies, are consequently required in order to maximise the multiplier effects of a global action. These must include strengthening the revenues of governments with **new budget resources** and **measures against tax evasion**, as well as focusing on investments into a **socially and environmentally sustainable economy**.
- Aim for a sustainable food system that works for everyone worldwide, encourages small-scale farmers, is mindful of the environment and protects the most vulnerable in developing countries and elsewhere. A global food security policy should counter the problem of wildly fluctuating food prices, develop the capacities of farmers' organisations, promote the role of women in rural areas and focus on the need for international coordination and policy coherence. National, regional and international efforts are necessary to ensure growing food supply and everyday access to adequate and healthy food for everyone.
- Commit to the success of negotiations for a global framework for climate action that should result in the adoption by 2015, and the implementation from 2020, of a legally binding instrument according to which all countries commit to mitigate their emissions based on the principle of common but differentiated responsibilities and an effective implementation of international obligations under the UNFCCC is achieved. The universal commitments should include a common accounting system; a system of measurement, reporting and verification to enable comparison of actions taken by different countries; and monitoring mechanisms across all economic sectors, with the involvement of civil society organisations.
- Build national or regional comprehensive and dynamic **models of sustainable growth** and development, to which citizens can relate and in which investors, producers, workers and consumers can have confidence, not as passive bystanders, but as active partners, assuming **ownership** of those models. Appropriate public-private **partnerships** and **debt instruments** have a role to play in directing private savings towards investment in growth, jobs and the reduction of poverty.
- Adopt active policies for the **education, employment and income generation**, with inclusion of **youths and women** in new productive activities derived from technological innovations, which require changes in individuals' qualifications and skills.
- Facilitate the development of a **new global financial system** which supports the real economy and is also of benefit to citizens, including effective regulation and supervision of banks, hedge funds and private equity businesses. Eliminating tax havens, banking secrecy and some of the perverse mechanisms of the past connected with speculative instruments would help achieve this.
- Introduce a global **Financial Transaction Tax**. This will ensure a fair and effective contribution of the financial sector to fiscal consolidation, growth and development. It can also stabilise financial markets and strengthen their link with the real economy by

increasing gains from medium- and long-term investments that can be directed towards businesses.

- Strengthen **civil liability of credit rating agencies** and improve the **protection of consumers of financial products**. For this, a dedicated dialogue is needed between the financial industry and civil society organisations on regulation, self-regulation, financial education and access to transparent financial products and services.
- Develop **international accounting standards**, with indicators that consider the economic, social and environmental requirements of the sustainable development and **mechanisms of transparency and access to information** for social participation and control.
- Encourage **greater State support for representative civil society organizations** at national, regional and international level thereby facilitating more transparency, accountability and responsibility.

Sustainable development, which is a goal to be pursued in the construction of the post-crisis world, depends on strategic decisions that include the organic relations among the economic, social and environmental features of the actions. The dialogue and the participation of the civil society, as an essential part of the structures and practices of multilateral governance and governments, can contribute significantly to identify alternatives and make the most appropriate critical choices to deal with new challenges and opportunities.

The construction of the future is everyone's responsibility and it must be essentially configured in the principles of sustainability of people and the planet. A new growth economy must never lose sight of the overall goal of promoting well-being and social progress. Sustainable development, in the final event, cannot be about "winners" and "losers", but only about "winners". The sustainable development goals to be agreed post "Rio+20" present a great opportunity to tackle this important issue.

AICESIS and its members stand ready to contribute to the promotion and implementation of these guidelines.

For its part, AICESIS, in the limits of its own competences, will:

- Increase exchanges of experiences and good practices between members on these issues;
 - Increase proper information to members on G20 priorities;
 - Cooperate with concerned UN agencies. In particular, AICESIS will endeavour to collaborate with the ILO at international, regional and sub-regional levels in order to encourage social dialogue and establish structures and/or processes in this sector.
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