

up front

**crisis
special**

system failure

The global system is in crisis. With many of the world's major economies now sliding into recession, the slowdown will affect all countries over the coming year. Millions of women and men are forecast to lose their jobs and their livelihoods. Yet world leaders have responded by trying to preserve the system that is responsible for the crisis.

War on Want is leading the campaign for a new system to replace the failed ideology of free market capitalism. We believe that this new system must be based on principles of public benefit not private profit, achieved through democratic control and a redistribution of the fruits of globalisation. The time has come for a better world. February 2009

**WAR ON
WANT**
FIGHTING GLOBAL POVERTY

Woolworths, one of many British high street chains to have already fallen victim to the crisis



With your help, we can build a financial system based on public benefit, not private profit.

The world is facing a triple crisis. The financial meltdown has hit the real economy, and millions of working people are forecast to lose their jobs as a result. Developing countries are already experiencing the impacts of climate change on their local ecosystems. Record food prices have driven millions more families into poverty, hunger and despair.

Despite this, the UK and other rich country governments are doing their best to defend the system that caused the crisis. Against all the evidence, Labour leaders Gordon Brown and Peter Mandelson insist that the failed system of open markets and 'light touch' regulation is still sound. The UK government has even been singled out by its European partners as one of the main obstacles to progress.

It does not have to be like this. We can rebuild the system so that it works for the majority of the world's people, not the bankers and speculators of the City of London. This means going beyond government bailouts which preserve the status quo in the interests of the few. Instead, we need a system to serve the needs of the many: a system based on the principles of public benefit, global equity and democratic control.

Public benefit, not private profit

If the crisis has made one thing clear, it is that our financial institutions cannot be trusted to deliver outcomes in the public interest. Credit and capital must be controlled for public benefit and directed to where the need is greatest, not where the highest profits are to be made. The bank bailouts in the UK and US mean that the governments of those countries are already the largest shareholders in several major financial institutions. These and all other banks must now be directed towards the greater public good.

The same principle of public benefit must govern our system of taxation. Tax is a key part of the social contract under which companies operate in our economies, yet that contract is broken on a regular basis. The UK currently loses over £100 billion a year in unpaid business taxes, while developing countries are deprived of up to £250 billion each year through corporate tax dodging – five times what they receive in aid. These tax revenues are vital at the best of times for funding public services and social welfare programmes, but at times of economic slowdown they become critical. Corporate tax dodging can be tolerated no longer.



War on Want protestors at the 2008
European Social Forum in Sweden

Justice and equity for all

The new world order must be based on principles of justice and equity, not the rampant greed which has condemned more than half the world's population to poverty. We can no longer allow a situation where the richest 2% on the planet own half its assets while the poorest half of the world's population owns barely 1% of global wealth. This profound inequality lies at the heart of the current economic crisis, and we can address the imbalance by sharing the gains of globalisation fairly. Guaranteeing all working people around the world a living wage will enable them to work their way out of poverty, as well as breaking the cycle of crisis and debt.

At the international level, rich countries of the global North still hold 90% of the world's wealth, even though they account for just 18% of the total world population. Nonetheless, the poorest countries are still paying almost \$100 million each day to the rich in debt repayments. It is time to end this scandal once and for all with full debt cancellation and a reverse transfer of finance from the rich to the developing world. This should include the repayment of debts owed by the rich world to the countries of the South, including the ecological debt of climate change which has been caused by industrialised countries but will hit the poor hardest.

Taking back control

None of the above solutions will be possible as long as power rests in the hands of a few rich country governments and the multinational corporations they support. Many of the rules governing the global economy today were actually written by companies first and adopted by governments later. The three main institutions of globalisation – the World Bank, International Monetary Fund and World Trade Organisation – are all dominated by the most powerful nations, leaving poorer countries without a voice. Despite being at the heart of the free market agenda which caused today's crisis, all three bodies are trying to use the current turmoil to win themselves greater powers.

The institutions which presided over the 'lost decades' of development are not fit for purpose and cannot be entrusted with our future. Instead, we need to take back control of the global economy through democratic bodies which are accountable to the people they are meant to serve. Developing countries are already finding new ways of breaking the power of the old institutions, and many have called for the UN to be the proper forum for deciding the future of the global economy. Exclusive 'invitation-only' clubs such as the G20 will never provide inclusive solutions to a global crisis.

**Write to the
Prime Minister
today calling
for new rules
to govern the
world economy.**



Fighting back in Sri Lanka

In the face of mounting obstacles, Sri Lankan trade union FTZEU, a War on Want partner organisation, fights back.

Sri Lanka is many thousands of miles from the EU headquarters in Brussels or the trading floor on Wall Street. Nonetheless, Sri Lankan workers have long been harmed by Western financial policies. Under pressure from the West, in the late 1970s Sri Lanka began opening up its economy for foreign investment by establishing export processing zones (EPZs). Thousands of jobs were created as foreign companies opened factories in these tax-free zones. But the lack of labour laws turned EPZs into havens for sweatshops.

With the support of War on Want, the Free Trade Zones Employees Union (FTZEU) has campaigned tirelessly against the deplorable conditions inside the factories in EPZs. In 2006 the union earned a landmark victory when it signed a collective bargaining agreement guaranteeing yearly salary increases, annual leave and an end to the persecution of trade union activity.

However, as a result of the global financial crisis, many of these crucial gains have been lost or are at risk. Anton Marcus, the General Secretary of FTZEU, explained to us how the financial crisis has meant that thousands of workers in EPZs are now

being forced into even more dire working conditions – or even losing their jobs, and sole source of income, altogether. “The economic crisis is a big issue, and the workers will suffer. One of the biggest employers in the EPZs is cutting 25,000 jobs. Another factory closed down last week.”

Many workers are also facing wage decreases and deteriorating conditions in factories that are already known to be dangerous and low paying. Those workers who decide to leave because of the harsh conditions are replaced by temporary labourers with few rights. One worker told us: “In the last six months, factories have not been recruiting on a permanent basis. Temporary workers are paid at a lower daily rate, and do not receive overtime pay.”

In spite of such major obstacles, FTZEU continues to fight for improved conditions in Sri Lanka’s factories. War on Want is proud to support the efforts of trade unions like FTZEU which help workers stand up for their rights. As one of the workers said to us: “We want to change the situation. We want to fight back.”

The UK bears a particular responsibility for the current economic crisis. The Labour government has championed extreme free market policies over the past 10 years, both at home and abroad. While voices from around the world call for new controls over finance capital and new rules to govern the global economy, the UK is resisting anything but 'light touch' regulation. Even other European countries complain that the UK is holding up progress.

affix
stamp
here

Prime Minister, you have spoken at length of your commitment to making poverty history. Yet you continue to defend the system which has condemned working people to poverty and now threatens them with crisis. We call on you to take action now to:

- Direct the banking sector to provide credit on terms of public benefit, not private profit
- End UK support for the IMF, the WTO and the EU's bilateral free trade agreements
- Abolish UK tax havens and collect the £100bn corporate tax due to the Treasury

Yours sincerely,

Name in full

Email

Address

Rt. Hon. Gordon Brown MP
10 Downing Street
London
SW1A 2AA



War on Want relies on the generosity of its supporters to continue its work to help poor people around the world. Every pound counts in our fight against injustice and inequality and we are grateful for your support. Please fill in the whole form using a ball point pen and send to:

Freepost, RSAH-CUAZ-RRBS, War on Want,
56-64 Leonard Street, LONDON EC2A 4LT

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NB: To qualify for Gift Aid, what you pay in income tax or capital gains tax must be at least equal to the amount we will claim in the next tax year (currently 25p for each £1 you give with a further 3p contribution from HMRC until 2011).

www.waronwant.org

NEWS

War on Want is launching a campaign which targets the policies and institutions that have led to the financial crisis. This new campaign incorporates areas of work where we have long been at the forefront for progressive change – eliminating tax havens, ensuring a living wage for overseas workers and condemning harmful trade policies. Join us at two key upcoming events that will drive forward our campaign on the global economy: 6 Billion Ways on 28 February and the G20 national demonstration on 28 March. Visit our website for more details – www.waronwant.org

In response to Israel's brutal military assault on Gaza, the Stop the Wall Campaign, a War on Want partner organisation based in the West Bank, has been organising collective action against the attacks. Stop the Wall has been staging mass protests and has established the National Committee to Break the Siege on Gaza, a youth group working to get vital supplies through the Israeli blockade. Globally, Stop the Wall is working closely with War on Want and other groups to end the attacks and hold Israel to account for its actions.

Visited our website lately? War on Want has recently launched its redesigned website. With a slick Web 2.0 format and many new features, waronwant.org is more user-friendly and accessible than ever. Browse around the new site, and feel free to let us know what you think.

War on Want works in close partnership with the Asia Monitor Resource Centre (AMRC) and Labour Action China (LAC), two organisations that promote workers' rights in China. For years they have been fighting to close legal loopholes that have allowed employers in China to avoid accountability for injuries and deaths in their factories. The AMRC and LAC recently organised a landmark meeting between a coalition of labour groups and the Chinese government on enforcing legislation that protects workers. These meetings show the growing solidarity among independent labour groups and the progress being made towards the recognition of workers' rights in China.

War on Want will be holding its Annual General Meeting on 28 March. The event is not only a great opportunity to hear about all the work we've done over the past year, but also a chance for you to take decisions on War on Want's strategic agenda for the year ahead. Members and supporters are invited to join us after the AGM at a mass rally in opposition to the G20 meeting. Full details for the rally and AGM can be found on our website.

War on Want is one of the principal organisers of 6 Billion Ways, a forum for dedicated activists from around the UK to be held on 28 February. This all-day event will be a chance to take part in discussions and workshops related to exploring the causes of – and solutions to – today's environmental, social and economic crises. 6 Billion Ways is also a great opportunity to link up with social movements committed to fighting for justice. To learn more about the event, visit www.waronwant.org/6billionways

