

**World Council of Churches - World Communion of Reformed Churches - Council for World Mission –
the Lutheran World Federation**

**Statement on the occasion of the 3rd United Nations (UN) Financing for Development Forum
New York, 23-26 April 2018**

Preface and introduction

The global financial crisis of 2008 provoked the moral observation that, a system of speculation, competition and inadequate regulation has failed to serve the people and instead has denied a decent standard of life to the majority of the world's population.¹ Representing our member churches, the World Council of Churches, the World Communion of Reformed Churches, the Council for World Mission and the Lutheran World Federation recommended critical areas of action addressing the financial and economic crisis through a process called the New International Financial and Economic Architecture (NIFEA). Our ecumenical collective called and continues to call for an alternative financial system that should emerge from the imagination of the margins, from those who have been left out of social-economic and political decision-making.

The shared theological critique in the NIFEA process

Current economic systems pose a profound obstacle to the justice and peace we need as one humanity for our life together, today and tomorrow. The pursuit of profit, when it is held up as an ultimate value in itself and when it becomes the purpose of life, is sinful. The divisiveness of this pursuit of the illusion of limitless profit and growth is spawning violence, inequality and climate change and obscures the vision of God for unity, peace, and plenty for all of God's creation. We have not heeded God's calls for an end to these injustices and some have even claimed God is part of this market system with his own blessing and prosperity to bestow. Christians and churches must see that the fullness of life they identify in Jesus is being sold short if they do not claim it for all of the earth, all of humanity and for how we are called to live in community and creation in love and grace. The gift of the earth, the gift of life is a divine act of love and grace and so the ethos and spirit we are called to embody in our lives, systems and relationships should allow love and grace to abound.

Identifying the social and ecological cost of the current financial system

Despite change being promised in the light of the global financial crisis of 2008, the system remains largely untouched and the consequences continue to be destructive and divisive. We name two dimensions, the wealth gap and climate change. Since the 2008 crisis, socio-economic divides have widened significantly in all countries, whether "developed" or "developing". Indeed, wealth concentration today is at its highest level since the 19th century. Harsh austerity measures in response to the crisis and the overall failure of the prevailing financial framework to deliver on its promise of shared prosperity are helping create the conditions for rising extremism, protectionism, racism and xenophobia. The destabilisation of economies is exacerbating civil and international conflicts. Threats of war are shaping many financial policies, expanding military budgets in many countries, and preventing

¹ "Sao Paulo Statement: International Financial Transformation for an Economy of Life"
(<https://www.oikoumene.org/en/resources/documents/wcc-programmes/public-witness-addressing-power-affirming-peace/poverty-wealth-and-ecology/finance-speculation-debt/sao-paulo-statement-international-financial-transformation-for-the-economy-of-life>).

spending on public health, education and social care. In an era of financialisation, food and land have become an “asset class”, spurring land grabs and displacing indigenous and other communities from their sources of sustenance. This intersects with the impact of climate change which is jeopardising food and water security for many. Ecological challenges – not least climate change – are spiralling towards disaster. Our planet is well on its way to 3-4 degree Celsius warming with devastating consequences on the poorest, and threatening species extinctions in many environments.

Governments have responded to these interconnected challenges through the adoption of the Sustainable Development Goals in 2015. However, the capacity of governments to raise finance to meet these goals is undermined by systemic tax evasion and avoidance, and policies fuelling a competitive race to the bottom. Increasingly market-based instruments and private finance are being called to fill in the gaps, forgetful of the role these played in the crisis. Mechanisms to hold big finance accountable for the impacts of their operations remain flimsy. Worse, financial regulations put in place after the crisis have been scaled back – indicative of “regulatory capture” by powerful financial lobbies.

Priorities for changes in the financial architecture

On the occasion of the 10th anniversary of the global financial crisis, we reiterate our vision of an international financial architecture that “is based on the principles of economic, social and climate justice; links finance to the real economy; accounts for social and environmental tasks; and sets clear limits to greed”.² This entails deep-seated and long-term policy and institutional changes in the areas of banking and the financial sector, public finance and debt, and global economic governance.³

We particularly call for national and international systems of taxation that reward work, enable the sharing of wealth, promote gender justice and penalise “public bads” such as speculative, polluting and resource-depleting activities. These systems would include progressive taxes, tax relief for the poor and for ecologically-nurturing activities, capital gains taxes, financial transaction taxes, carbon taxes, and the elimination of tax havens, among others.

In parallel, we call for significant investments in “public goods” such as in agro-ecology and infrastructure that creates employment; in the social protection of vulnerable sectors in our societies; in health, education and the care and wellbeing of our communities; in renewable energies and the renewal of our ecosystems. We recognise that public finance raised through taxation continues to be the most sustainable form of development finance.

Finally, we call upon rich, industrialised countries to transfer resources and technology to poor and climate change-exposed countries that will enable them to build resilience and forge alternative development paths not founded on the burning of fossil fuels, and as reparations for irreversible loss and damage arising from a warming climate.

² Ibid.

³ “Economy of Life for All Now: An Ecumenical Action Plan for a New International Financial and Economic Architecture” (<https://www.oikoumene.org/en/resources/documents/wcc-programmes/public-witness-addressing-power-affirming-peace/poverty-wealth-and-ecology/economy-of-life-for-all-now-an-ecumenical-action-plan-for-a-new-international-financial-and-economic-architecture>).