



Personal Contribution to the Helsinki Process

Framework to address global challenges

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The report of the Helsinki Process goes to press at a time of turbulence and volatility for both the global financial system, but also the global environment. Its recommendations provide a useful antidote to the complacency of world leaders, national parliaments and some international institutions. Just as frogs are said to be incapable of identifying the moment at which the temperature of the water around them becomes life threatening, so world leaders seem unable to identify those threats that pose the gravest consequences for mankind and the planet. The Helsinki Group's Declaration offers world leaders and the international community a representative framework for addressing global challenges – a framework that should be grasped and used urgently.

A very immediate threat is the volatility of the international financial system. The downgrading of General Motors' debt to junk status has sent a shudder down the spine of this system, with rumours of hedge funds being badly exposed. The imbalances in the international trading system, the build-up of massive credits – and therefore debts -- are at the heart of this financial disequilibrium. Because of the way in which the international financial architecture is skewed in favour of the United States, countries with very large numbers of poor people have built up huge reserves -- earned from exports to the United States and accumulated largely as result of the U.S. current account deficit. This deficit now rises by an extraordinary \$60million an hour! The build-up of reserves is in turn creating vast economic bubbles in Asia, including China – which in turn are feeding and recycling property and consumption booms not just in Asia, but also in the U.S. These bubbles will burst, and many millions of innocent people will suffer grievously. We already know how disastrous the bursting of an asset bubble can be – witness Japan since 1989 and Thailand in 1998. However the bursting of the global credit bubble could be far more severe in its impact.

Yet world leaders continue to “fiddle” as the global financial house of cards grows more and more precarious, with increasing rates of bankruptcy in OECD countries, defaults, deficits and unsustainable debts.

The second grave threat facing humanity and the planet is global warming. This threat requires urgent action by mainly high-income countries generating dangerous levels of fossil fuel emissions. Yet the people of these countries and their leaders appear transfixed by the threat, unable to exercise restraint and caught on the treadmill of cheap international air travel and higher and higher levels of consumption – mainly financed by debt. As Andrew Simms' notes, “the language of restraint permeates neo-liberal economics. Yet the concept of living within our environmental means still escapes mainstream economics”.

¹ Author of “Ecological Debt: the health of the planet and the wealth of nations” published by Pluto Books, May 2005.

This matters because the Helsinki Process has been overwhelmingly concerned to support the targets for poverty reduction embodied in the Millennium Development Goals (MDGs), while human rights and human security have also been central to the process. Yet, without action by world leaders on financial volatility and climate change we can expect targets for poverty reduction to be blown off course by the disastrous effects of a financial crisis on the one hand, and by global warming (e.g. desertification, and flooding) on the other.

The Helsinki Process represents the efforts by a small group of concerned citizens, backed by two enlightened governments, to place these key issues on the agendas of the powerful. The issue now before us can be summarised thus: will our leaders wake up to the over-heating of the global economy and the global environment before it is too late?

If they do, they will find a template for the resolution of these crises in the Helsinki Group's framework.