

A letter to Kofi Annan, Secretary-General of the United Nations
27 April, 2001

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The Honourable Kofi Annan, Secretary-General,

The United Nations

New York, NY 10017

Your Excellency,

With hopes and expectations grounded in years of participation in United Nations summits—and rooted before that in the good earth of Christian social ethics—we write as representatives of the Canadian Council of Churches to express several convictions about the Financing for Development (FFD) process.

The thinking in this letter is in continuity with work we have done in co-preparing a background report with the World Council of Churches. We have expressed some of these ideas in dialogues with the Government of Canada, and through participation at the Preparatory Committee that has formed part of the lead-up to the Financing for Development summit. Through various stages of this debate we have been contributing proposals that address the growing wealth divide now distorting the global community. Our proposals aim also to counter the ecological recklessness now degrading our common home, planet Earth.

It is with these same goals—social equality and environmental prudence—that we participate in this Financing for Development summit, urging that in the first place justice be sought as "the heart of the matter", so that the summit's outcomes will lead to a stronger, healthier and more inclusive global community.

A report that reflects our goals in more depth and detail (Justice: The Heart of the Matter) is attached. In this present letter we wish to highlight some key measures that we believe must be implemented in the Financing for Development process. We are aware that Your Excellency, as Secretary-General, has appointed a High Level Advisory Panel to submit specific proposal for financing development and for contributing to the eradication of poverty. As they take on this responsibility, we hope to draw the attention of the members of the Panel to the key measures we are proposing at this time.

In order to address the goals of eradicating poverty and restoring the health of the environment, we believe that the Financing for Development process must:

1. Lead to substantive debt cancellation

As churches in Canada, we have recently given leadership through the Canadian Ecumenical Jubilee Initiative to a broadly-based campaign for cancellation of poor countries' debts. While noting some positive steps taken by our own government, we continue to be dismayed by the global failure to address the debt crisis in a way that is commensurate with the scale of the human catastrophe it has brought about. Jubilee campaigns in many countries have provided solid evidence that there is very widespread political will among citizens, North and South, for debt cancellation. Even if staggering fiscal debt still appears on the books of the world's accountants, by any moral accounting that debt is lightweight, unimportant in comparison with the ethical debt represented by this unresolved crisis.

Specifically, we seek total and unconditional cancellation of the bilateral and multilateral debt of poor countries. The real needs of middle-income countries must also be addressed. To that end, we support the establishment of a new debt arbitration tribunal. Such a tribunal must be independent of existing International Financial Institutions, and must have capacity to address issues not simply of insolvency or illiquidity, but also of the illegitimacy of some debt. With our partners, we are also exploring proposals for a "recovery commission" to expose stolen wealth with the goal of repatriating such wealth.

2. Meet outstanding Official Development Assistance (ODA) commitments

The Financing for Development process must find a way to realize the 0.7% ODA promises of various countries, turning those promises into necessary financial resources. Canada is among the countries whose commitment to this goal is more rhetorical than actual. While insisting that Canada and similar Northern governments return to the path of accountability for ODA goals, we are also concerned about the quality of Official Development Aid around the globe. The Financing for Development process should move donor countries towards grant financing, rejecting "tied aid" and other unhelpful frameworks of donor conditionality.

3. Implement the Currency Transaction Tax (CTT)

Both the current context of currency volatility, and the need for innovative resources for social development, speak volumes in favour of a Currency Transaction Tax. Such a tax could be instituted at a national level, with international or multilateral agreement for enforcement and implementation. In our view the issues involved are political rather than technical. They require the kind of political solution the United Nations can help to provide.

4. Address the structural inequities in the global trading system

In the context of the recent Summit of the Americas, we are more than ever aware that trade liberalization can compromise the goals of poverty eradication and ecological integrity. In the Financing for Development process, we must see measures that adequately challenge global imbalances in access, power, and decision-making—

imbalances that routinely poison and distort trade negotiations, when considered from the point of view of equity. Related to these structural distortions are the negative impacts of free but unfair trade on food security, and on human rights connected with access to education, basic health services, environmental health and income distribution (particularly in developing countries). Countries must retain the right to enact measures in the best interests of the health and well-being of their citizens, in the context of their own development plan.

5. Democratize the International Financial System

One outcome of the Financing for Development process should be a set of proposals that will position the United Nations as the central pillar within international financial and economic structures. This could be achieved through a strengthened leadership role for the Economic and Social Council. The Bretton Woods institutions and the World Trade Organization (WTO) must be brought under the framework of values, policies and democracy that is represented in the best of the United Nations system. The international financial institutions should conform to core UN human rights covenants, as well as to conventions that enshrine UN-accepted principles of ecological sustainability, gender equity, and social justice. All states, but especially developing countries, must be assured of effective participation in the international financial institutions. That goal is currently far from being achieved, but it is essential.

The foregoing are some of the key measures we believe must be addressed in the Financing for Development process. Financing for Development must confront the fundamental challenges posed when markets fail to distribute equitably the wealth necessary to sustain social development for all. In a globalized world, such failures have immediate and devastating effects on peoples and communities. The task ahead is a difficult one. It includes setting in place structures and policies that will implement the international community's intention to make market decisions publicly accountable to agreed-on covenants concerning human rights and the common good.

For our part, we in the Canadian Council of Churches will continue to put forward proposals supportive of the goals of poverty eradication and ecological sustainability.

As members of the one human family, we express our gratitude for all efforts that will be made by yourself and your colleagues to achieve global progress towards these goals that are inseparable from the good of the human community.

Respectfully,

Most Rev. André Vallée

President, Canadian Council of Churches, and

Janet Somerville

General Secretary, Canadian Council of Churches

cc. Nitin Desai, Under-Secretary General for Economic and Social Affairs
Abdulatif Al-Hammad, President, Arab Fund for Economic Development (Kuwait)
David Bryer, Director of OXFAM, United Kingdom
Mary Chinery-Hess, former Director-General, International Labour Organization (Ghana)
Jacques Delors, former President of the European Commission
Rebecca Greenspan, former Vice-President of Costa Rica
Majid Osman, former Finance Minister, Mozambique
Robert Rubin, former Secretary of the Treasury, United States of America
Manmohan Singh, former Minister of Finance, India
Ernesto Zedillo, former President, Mexico