

# The Global Financial Crisis: Opportunity for Transformation?

Address to Social Policy Connections  
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We are to address the causes of the current global financial crisis (GFC) and the opportunities it creates. This is a crucial pair of questions with many complex aspects. There are four sections: first, causes; second, consequences; third, emergency action; and fourth, the possibility of adoption of a new paradigm. I will only discuss the causes of the crisis in the US and the implications for Australia and very briefly developing countries as a group, leaving out the EU and Eastern Europe.

### Causes

The issue of what caused the crisis is a matter of historical analysis now and is not receiving much media space any more. Nevertheless it continues to be important to remember major factors to have an adequate basis for discussion of what should be done, how to prevent such a crisis again and whether it is possible to move to a new economic strategy. There were many systemic causes of the crisis and these can be summarised into three categories:

The **first** was the **American subprime mortgage crisis**. This involved banks and related financial institutions lending to borrowers who did not have sufficient savings or earning capacity to service the loan if anything went wrong. Such risky loans were often justified by the expectation of increasing value of the asset – capital gains – such as a house for which the loan was made. Many of those loans were made by the two government-sponsored agencies popularly called Freddy Mac and Fanny Mae.

Lenders presumed that house prices would continue to rise, so that if the borrower defaulted the house could be sold to recover the loan. However, if the borrower's income declined, preventing them from making the scheduled payments on the loan, they would be forced into default. When the bubble in house prices burst the lending institutions could not sell the houses and recover their loan.

The crisis spread and multiplied dramatically because of a **second** factor: substantial proportions of this new lending had been financed by short-term borrowing. Banks had put large numbers of mortgages into packages suitable for selling to other investors, a process called **securitisation**. This word simply means that securities had been created which were supposed to guarantee regular payments to purchasers from the loan repayments of the people

who had taken out mortgages to purchase houses. This process enabled the banks to raise additional funds for further lending.

Yet the degree of risk in these securitised packages, which were called **collateralised debt obligations**, was quite opaque: the purchaser was relying on the credibility of the bank which had issued the mortgage, and had no idea how capable the borrowers were of keeping up with their mortgage payments. The risk of default was spread to those least able to obtain sufficient information to understand it. Yet the collateralised debt obligations were given AAA ratings by the **credit ratings agencies**, perhaps because they were being issued by reputable financial institutions. In any case the credit rating agencies had not rigorously scrutinised the packages, nor would they have been able to do so carefully.

So much additional funding was generated by the sale of these securitised mortgages that banks and other lending institutions like Fannie May and Freddie Mac started lending to borrowers who had no savings and uncertain incomes, the so called subprime mortgages. Such toxic mortgages were also included in the collateralised debt obligation packages.

The capacity to sell these risky packages of mortgages largely depended on the explosive growth of **hedge funds**. Hedge funds are unregulated investment vehicles that accept funds from wealthy individuals and institutions in return for promises of extraordinary returns. By mid 2007 hedge funds had equity capital of around \$2 to 2.5 trillion and were able to deploy far more because of the enormity of their borrowings. They were able to 'leverage' access to far more. The hedge funds sought high returns and so were prepared to buy the riskiest packages (collateralised debt obligations). (Many of the major US banks were receiving 20 – 30 per cent of their revenue from hedge funds.)

By buying the risky packages of mortgages hedge funds were a major source of funds for the banks which the banks could then use for further lending. It isn't necessary to understand all the mechanisms for irresponsible borrowing and pricing to appreciate that exuberant, hubristic dealers made wildly overoptimistic assumptions about how small were the risks of borrowing and lending in which they were involved. Many of these transactions had such tight margins that even a small proportion of defaults by borrowers could lead to major losses. When hedge funds made losses the banks called in their loans and the funds were sometimes unable to pay so that banks like first Bear Sterns and later Lehmann Bros collapsed.

Another factor was that after the financial crisis in Asia in 1997-98 several major Asian countries rapidly built up their international reserves, that is, their national savings in other countries, so as to be able to withstand further financial crises. China, for example, encouraged its people to build up large personal savings by refraining from consumption, which kept imports low and built up exports, enabling the national authorities to keep the exchange rate low and export more. By placing those national reserves in the US, the US Administration was able to run large budget deficits which stimulated economic activity. American households were able to borrow for whatever they wanted and on average completely stopped saving to the point where household debt was well over annual household income.

This multiplication of risk was not being scrutinised by **public regulators**. The growth of the money supply was out of control: even the extent of the borrowing by the banks (their leverage) through the securitised packages was not assessed. The repeal of the US Glass-Steagall Act in 1999 allowed commercial banks to run large investment banking businesses. The regulatory framework encouraged banks to shift loans 'off balance sheet' so

that their full financial position became less clear. The process of securitisation and the multitude of financial instruments built on this foundation. As Rudd quoted in his article in *The Monthly* this ‘reflected the greatest regulatory failure in modern history’.<sup>1</sup>

This process was hugely profitable and the financial markets became infected with **hubris**. Banks thought they had a better understanding of financial risks than ever before, based on highly sophisticated models of risk and return. But while the models were sophisticated they also turned out to be spectacularly wrong. The combination of toxic assets, hubris, testosterone and herd behaviour led to a shadow banking system which had no basis in productive economic activity.

As one banker said ‘While the music is playing, you have to get up and dance’. Charles Morris describes the crisis as ‘a debt-fed party, marked by a consumer binge on imported goods, and the strutting of an ostentatious new class of super-rich, who had invented nothing and built nothing, except intricate chains of paper claims that duller people mistook for wealth’.<sup>2</sup> Like the frog in the bowl in which the temperature of the water is rising, the point at which a stop should have been called, the point of clear moral failure, was difficult to detect with clarity.

Financial engineering became a major industry in American, the UK and Australia.

Therefore many groups were responsible in different ways through a combination of greed, hubris, individualism and passivity:

1. Greedy bankers: Activities of banks and other financial corporations which caused the financial crisis
2. Sleepy regulators: the regulatory framework which failed to constrain their activities
3. Naïve or misguided politicians who were seduced by the most powerful lobbyists
4. Reckless or ignorant mortgage borrowers
5. Indulgent consumers who borrowed massively until household debt in the US and Australia grew to be one and half times national income. In the US such debts were partly funded by Chinese purchase of US government securities.

**Underlying** all these financial manipulations was the **third** cause of the crisis, the **liberal economic ideology** which enabled the finance industry, regulators and political leaders to justify such extreme irresponsibility. Sometimes misnamed ‘economic rationalism’ and often described internationally as neo-liberalism or the Washington consensus. Since this ideology is a direct descendent from nineteenth century liberalism it is both accurate and acceptable to supporters to use the descriptive term economic liberalism.<sup>3</sup> At the extreme, however, economic liberalism can and did become **market fundamentalism**, which often involved making marketisation an end in itself rather than a means to other economic and social goals. Market fundamentalism was often a form of idolatry, worship of mammon.

Anatole Kaletsky, editor-at-large of *The Times*, (and son of a famous economist who preceded Keynes with some of the crucial insights with which Keynes is credited) rightly argues that these bankers, regulators and politicians were misled by the liberal economic theories of ‘**rational expectations**’ and ‘**efficient markets**’. He writes that with ‘... those two reassuring adjectives, rational and efficient, the victorious academic economists erected an enormous scaffolding of theoretical models, regulatory prescriptions and computer

simulations that allowed the practical bankers and politicians to build the towers of bad debt and bad policy'.<sup>4</sup> 'Rational investors assumed that the risk of house prices falling was close to zero, so that lending to penniless borrowers would be profitable.

The **rational expectations hypothesis** is that immutable economic laws govern markets. The theory was developed by disciples of Milton Friedman at the University of Chicago who posited that Keynesian policies would not work because the belief had become general that stimulatory government spending would be inflationary so that whenever public spending was increased business would follow their 'rational expectations' and would raise prices and wages, so preventing an increase in employment. Though the theory could never be proved empirically, belief in it continued because it suited those who opposed public sector provision of services to believe it. Liberal ideology underpinned the theory.

Similarly the **efficient market hypothesis** was based on the belief that financial market participants who were rational and competitive and who would set prices that took account of all available information. Because the market knew more than anyone else there was no point in regulators attempting to prevent or control market imperfections. The theory survived despite the repeated evidence of major financial turbulence, because it conveniently justified free market ideology, and therefore allowed executives to pay themselves huge salaries and bonuses.<sup>5</sup>

## Consequences

The consequences are easier for us all to see than it is to understand the causes of the crisis. There were consequences, first, of the adoption of market fundamentalism during the last quarter century, and then, secondly, the massive, destructive consequences of the crash.

During the last quarter century since the adoption of liberal economics in the UK, US and Australia, economists have been so preoccupied with maximising individual income that other aspects of well-being have been excluded. Their principal recommendations for achieving growth of individual income have been minimising the role of the state by reducing public expenditure and taxation, privatisation of public enterprises, and deregulating the financial and corporate sectors.

One feature of economic liberalism is the obsession with individual income maximisation to the exclusion of other dimensions of well-being. National public policy still focuses on growth of GDP and devalues many policies which would contribute to human well-being and equality of opportunity. This is not simply an expression of ideology, however, but also reflects the interests of the powerful in preference to those of the whole population.<sup>6</sup>

The preoccupation with personal income maximisation also led to unprincipled opportunism, the erosion of ethical boundaries and the growth of white collar and corporate crime. The quality of both personal and public life was undermined by preoccupation with individual income and material accumulation and neglect of broader concerns. Acquisitiveness has stimulated the growth of individualism and commercialisation in Australia as in America. Constant emphasis on material goals and denigration of generosity and cooperation has damaged the quality of Australian community life. The successful have a growing, complacent sense of entitlement which undermines mutual responsibility, while lower income earners have been marginalised.

‘Never before in human history have so many people become so rich so quickly’. In the US the share of national income going to the top one per cent grew from 9 per cent in 1980 to 20 per cent in 2006, and by far the largest proportion of that went to the top 0.1 per cent – 9 per cent of total national income.<sup>7</sup>

Second, the consequences of the resulting crisis are devastating for hundreds of millions of people throughout the world:

- Rapid increases in unemployment, poverty and hunger
- Deceleration of growth, or severe economic contraction
- Negative effects on trade balances, balance of payments and foreign reserves
- Dwindling levels of foreign direct investment
- Large and volatile movements in exchange rates
- Growing budget deficits and falling tax revenues
- Drastic reduction of world trade
- Sharp contraction in exports
- Falling prices for primary commodities
- Declining remittances to developing countries
- Massive withdrawal of private capital flows, also increasing the funding problem of the private sector in emerging and developing countries
- Drastically reduced access to credit, and trade financing
- Reduced public confidence in financial institutions<sup>8</sup> That is, a collapse of trust in the banking system has led to refusal of financial institutions to lend to each other, so that the availability of credit has been restricted.

And those are just the economic and financial consequences. There are also enormous social effects also which will last for far longer than the impact on the level of economic activity, including exploding unemployment, loss of dignity and capacity for self-reliance, exclusion, disrupted family and community relationships and much more. To quote the draft outcome document from the UN Conference on the World Financial and Economic Crisis which is to be held in New York from 1 to 3 June: ‘The human costs of the crisis are our greatest concern: the increase in the already unacceptable number of children, women and men who die of hunger and preventable disease, the reduction in access to education, and the inevitable rise in social conflict, dislocation and distress’.<sup>9</sup>

## **Emergency Action**

The action required to address the crisis can be divided into two parts: emergency policies and transformation of the paradigm on which economic and financial systems are based. Emergency policies must of course be part of a long term strategic change in the nature of society and the economic system.

Effective emergency action requires that all countries act cooperatively with the same intent. Of course the crisis originated in the US and most stimulus has been required there but unless at all major countries act together there would be free loading by those which

relied on others to expand. The speed and strength with which the crisis spread from the US to the rest of the world provides tangible evidence that the international system needs to be profoundly reformed.

Since all countries are suffering, a global response is required which includes all countries, not just the US, the powerful G8 or even the wider G20 but all countries. However the G20 summit in London in April agreed on several major initiatives which will make a significant difference:

- Urging all countries to adopt expansionary budgetary policies: policies already announced by April which by the end of 2010 will total US\$5 trillion raising output by 4 per cent and acceleration the transition to a green economy
- Issuing US\$250b of Special Drawing Rights – see appendix for explanation
- Agreeing to sale of IMF gold to raise funds for concessional lending to low income countries
- Establishing a new Financial Stability Board with a wide membership
- Extending regulation and oversight over financial institutions and markets including hedge funds for the first time
- Setting tougher principles for determining executive pay
- Clamping down on tax evasion by action against tax havens
- Regulating credit rating agencies

In Australia there have been the two emergency packages and a budget which have been generally well conceived and swiftly prepared and implemented as required. Less could have been given in grants to individuals and more allocated for infrastructure, education, health and research, as discussed below.

## **A New Paradigm**

This could be a transformative moment in our era. Some people are saying that the consequences of the crisis have not touched sufficient people in developed countries sufficiently seriously to motivate them to want transformation. Yet not only is a massive growth of unemployment underway but also significant numbers of large and small enterprises been forced into bankruptcy or severe retrenchment that the validity of unregulated capitalism is being widely strengthened. See our own PM's article in *The Monthly*.<sup>10</sup> The G20 Summit outcome illustrates some willingness to make changes.

Three elements of an alternative paradigm are:

1. Aiming for wellbeing and the common good; including economic security; employment for all who want paid work; equity, accessible, high quality services, inclusiveness.
2. Massive reductions in greenhouse gas emissions and preservation of biodiversity, often called sustainability.
3. Global, equitable development: depending in part on reform of international economic governance

### **1. Concrete implications of a paradigm aimed at wellbeing and the common good:**

See *To Firmer Ground: Restoring Hope in Australia* for a full discussion. Amongst the major themes is reaffirmation of the role of public policy. The crisis demonstrates that the attacks on the state during the last quarter century have been wildly overdone. The crisis shows that government intervention is essential to increase both efficiency and equity. Major consequences of over-reliance on markets have been growing economic insecurity and inequity. It is also true though that public intervention can be counter-productive, so governments must continually aim to increase the effectiveness of intervention.

**Spending priorities:** building up not only the accessibility and quality of services but also employment in the industries which are the largest employers – because they are face to face.

- human services; education; health; care for young and old through improved funding at all levels of government – Commonwealth, State and local and support for civil society
- investment in infrastructure and especially renewable energy
- sharply increased support for research and innovation
- Some this could be paid for by cuts in defence and intelligence and replaced by diplomacy, multilateral cooperation and development assistance which are far more cost effective means of achieving national security. (The defence white paper is severely misjudged.)

**Taxation:** Regrettably, in the budget last week the Rudd Government did not abandon the foreshadowed tax cuts for high income earners. The aim of tax policy should be equitable, simple and efficient revenue-raising. The current taxation review is a major opportunity to influence the Australian tax system. The Uniting Church submission to the Henry Review is an excellent discussion of the issues and of proposals.

**Credibility and feasibility:** The orientation of aiming for wellbeing and the common good would be electorally popular. Electoral preferences are generally far more about the increasing the security of employment, improvements to education and health services, accessible infrastructure and sustainability, than about maximisation of individual income – especially when most of that accrues to the top one per cent of income earners.

## **2. Adaptive environmental policies: enormous upgrading of renewable energy research, innovation and production**

What Eric Hobsbawm describes as ‘the systematic and necessarily gigantic public investments to take on the world’s environmental crisis [and which] offer a more civilised equivalent to World War II, which made it possible to overcome the heritage of the last Great Depression’.<sup>11</sup> This is described by some commentators as green neo-Keynesianism.

There is an enormous amount of writing, speaking and discussion of this issue with which you are sure to have some familiarity, so I will not dwell on this. My brevity is due only to the need to save time, not because I regard this area as anything but centrally important to our survival and wellbeing.

I concur with the goal of the 350 campaign - of aiming for 350 ppm of atmospheric carbon - even though the globe is already at 387ppm. Of course this is a hugely ambitious

goal, but if we want stable weather that is what seems to be required. The fine American writer Bill McKibben is advocating global demonstrations on 24 October 2009 to demonstrate support for the goal of 350ppm of carbon.

The shorter term, less utopian goal, is to advocate Australian government acceptance of a stronger greenhouse gas emissions reduction goal, so that it can speak with moral and political authority at the Copenhagen meeting at the end of the year.

### **3. Reform of the international economic and financial system**

At the UN conference on finance for development which was held in Doha from 29 Nov to 3 Dec last year – of which you are unlikely to have heard since it was not reported at all in Australia – there was agreement to holding a global conference on *The World Financial and Economic Crisis and its Impact on Development*. This is scheduled for 1 – 3 June at UN Headquarters in New York. To prepare for this conference the President of the UN General Assembly appointed a Commission of Experts chaired by Professor Joe Stiglitz, a Nobel laureate in economics, and other outstanding experts from Europe, Asia, Latin America and Africa (though not Australia, perhaps because there was no obviously suitable person available) to report on reforms required by the international monetary and financial system. I will conclude by summarising their imaginative and wise recommendations.<sup>12</sup>

The Stiglitz Commission saw its work as complimenting that of the G20. For example they strongly support the centrality of expansionary fiscal policies by all countries which can afford to do so, especially developed countries. They recommend:

- Major increases in aid and lending for developing countries, without onerous conditionality, to fund both economic development and climate change adaptation and mitigation;
- They went further than the G20 and recommend issuing US\$250 billion of SDRs each year until the crisis is over. (I wrote to one of the members and to the rapporteur suggesting this!). This would also establish the basis for a new global reserve system;
- Establishment of a new credit facility to be financed by the surpluses from China, Japan and so on and with a governance structure which effectively represents the contributors and borrowers and is not dominated by the US and Western European;
- Establishment of an intergovernmental tax cooperation agency to provide a basis for dramatically improving the sharing of information between national tax agencies which is essential for sharply reducing international tax evasion;
- Establishment of a UN economic coordination council to meet annually at head-of-government level to address areas of concern in the functioning of the global economic system in a comprehensive way. This would address the gaping hole in global institutions in a representative and accountable way. Membership would be elected on a regional, constituency basis and ensure that all continents and all major economies were represented. It would be a democratically elected alternative to the unelected, static G20;
- Strengthening of various aspects of financial regulation including by the establishment of a global financial regulatory authority and a global competition authority. Such institutions have become essential since so much economic activity is multinational and interdependent; and
- Exploration of innovative mechanisms for generating finance for development including through the possibility of a carbon tax or a financial services tax (also

known as a Tobin or currency transaction tax) which would simultaneously contribute to stabilising international financial markets.

These are proposals for consideration by the General Assembly at the conference during the first week of June. Some of them may be resisted by many developed countries including probably Australia. That is one reason why it is important to tell you of them because it would be valuable to take action to urge the Government to assess them seriously and to accept them. That would be one way to demonstrate re-engagement with the international system through expressing our solidarity with the half of the world's population living in or close to poverty.

## Appendix

### **AN IDEA WHOSE TIME HAS COME**

Anthony Clunies-Ross and John Langmore

One of the especially valuable decisions of the remarkably successful London Summit of the G20 was to support a new allocation of Special Drawing Rights (SDRs) by the International Monetary Fund (IMF) valued at US\$ 250 billion. This is nearly a quarter of the US\$ 1,100 billion program of support which the Summit agreed should be made available to stimulate restoration of credit, growth and jobs in the world economy.

This decision is a dramatic reversal of previous opposition to increasing the volume of SDRs. The importance of the decision is not well understood. This is not surprising because there have been only two issues before, so it is worth describing the background.

SDRs are a form of money which can be created by decision of the IMF Board, to increase national currency reserves and used as a means of international payment between countries. They were first authorized in 1969 as a means of increasing international liquidity, both by allowing quantitative increases in international reserves and by rendering reserves more reliable in value through untying them from particular currencies.

The idea behind them was that a shortage of internationally-liquid assets available to be held in national reserves might oblige countries to restrict demand, with the result that their output would fall below capacity. Various countries that were in this position would aggravate the situation for one another. Extra liquidity might be needed for the world economy to produce at its full current potential.

There have so far been two rounds of creation of SDRs, each spread over three years, the last completed in 1981. Each round must be approved by the Board of Governors of the IMF (in which all member governments are represented) by an 85% majority. Under the weighted-voting system, the majority required means that a small number of industrial countries, or indeed the US alone, can veto any new creation.

Through the 1980s, it was the opposition of Germany, Japan, the UK, and the US, that ruled out any further allocations, in spite of the fact that the representatives of almost all the rest of the world were in favour. SDRs have been distributed to IMF members in proportion

to their IMF quotas, and any change in that arrangement would require an amendment to the IMF's Articles of Agreement.

An attempt in 1997 to bring the *cumulative* proportions of SDRs received until that time into line with the various member-countries' current quotas, was approved by the IMF's processes, together with the necessary Fourth Amendment to the Articles of Agreement (to allow an allocation other than in proportion to current quotas), but the amendment failed year after year to reach the required level of ratification by 110 members with 85% of voting-power. The amendment has not yet been ratified by the US Congress, whose failure to do so is alone enough to prevent it from going forward.

Since 1958, well before SDRs came into being, there have been recurrent suggestions for using the international creation of liquidity as a source of international aid. The idea was endorsed by a vote of the UN General Assembly in 1980.

The idea that additional funds for development and for helping to fulfil such global objectives as the Millennium Development Goals could be generated by resuming SDR creation was floated by the Zedillo Panel in its report to the UN Secretary-General in 2001. The Panel argued that this would also tend to reduce the demand for US-dollar holdings and thus discourage the indefinite increase of US short-term debt. We organised a small conference on behalf of the UN and other organisations which was held at Pocantico, the Rockefeller Centre on the northern edge of New York City in May 2003 at which the idea was fully discussed and interest strengthened.

SDRs can be seen as money created by the IMF, in somewhat the same way as national monetary authorities issue their currencies as liabilities against themselves. Institutions with sufficient credibility are in a position to do this. The public is prepared to treat these institutions' short-term liabilities as money.

However there are certain peculiarities about the way in which SDRs were created. They were to be issued to IMF members in proportion to those members' IMF quotas ('subscriptions'), but no other asset would have to be surrendered in exchange for them. And originally only central banks or analogous bodies were to deal in them.

It would have been possible to create a form of international money that was like gold, or like currency notes and coins, in the sense that it bore no interest. But holders of SDRs do earn interest on them from the IMF. Against this, however, each country *pays* interest, at the same rate, to the IMF on its total cumulative *allocation*. The effect of this is that those holding more than their cumulative allocations of SDRs are net recipients of interest, while those holding less are net payers.

Once the original recipient transfers them to other authorities in exchange for gold or currencies, however, they become to that recipient more like a loan without a terminal date, on which interest (at short-term rates) has to be paid. The original recipient pays to the IMF the amount of interest that any subsequent holder will receive.

Expansion of the SDR stock touches the US closely because of the prominence of US dollar holdings among existing reserves. Cutting the world's dependence on dollar reserves reduces Americans' access to a deepening well of cheap credit. US assent to a proposal to

create SDRs in itself may be approved by the Administration, without the need to consult Congress.

Clearly the creation of additional SDRs has substantial benefits: it facilitates expansion of economic activity and international trade, especially in countries with current account deficits, and it builds access to an alternative form of reserve currency. A further major step to increasing their value would be for high-income countries to allot their future receipts of SDRs to an agreed fund for use in global public-goods and social and economic development.

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<sup>1</sup> Kevin Rudd, 'The Global Financial Crisis: The end of neo-liberalism', *The Monthly*, February 2009, pp 20

<sup>2</sup> Charles R Morris, *The Two Trillion Dollar Meltdown: Easy Money, High Rollers, and the Great Credit Crash*, Public Affairs, New York, 2008, p x

<sup>3</sup> This follows John Quiggin, 'Economic Liberalism: Fall, Revival and Resistance', in Peter Saunders and James Walter (eds.), *Ideas and Influence: Social Science and Public Policy in Australia*, UNSW Press, Sydney, 2005, p 21

<sup>4</sup> Anatole Kaletsky, 'Never let the facts get in the way of a good economics theory', *Prospect*, April 2009, reprinted in the Australian Financial Review, Friday 17 April 2009

<sup>5</sup> Equally misleading was the convention of 'mark-to-market accounting' which assumes that all the assets could be sold at the current market price and so to declare profits and pay executives based on theoretical prices rather than realised gains, and so over-estimates profits. Similarly, now that prices have collapsed, the mark-to-market accounting exaggerates the losses.

<sup>6</sup> The *Australian Financial Review* provides plenty of evidence that Australia is being run by the income maximisers. It is generally written as though increasing income is the unquestioned goal of productive life. The tone of the newspaper is unrelentingly acquisitive.

<sup>7</sup> Charles R Morris, op cit, p 152-3

<sup>8</sup> Facilitators' draft of the outcome document for the UN Conference on the World Financial and Economic Crisis and its Impact on Development, para 5

<sup>9</sup> UN, *ibid*, Para 2

<sup>10</sup> Kevin Rudd, 'The Global Financial Crisis: The end of neo-liberalism', *The Monthly*, February 2009, pp 20 - 29

<sup>11</sup> Eric Hobsbawm in the Symposium on 'The Rudd Essay and the Global Financial Crisis', *The Monthly*, May 2009, p 29

<sup>12</sup> UN General Assembly, *Recommendations of the Commission of Experts of the President of the General Assembly on Reforms of the International Monetary and Financial System*, A/63/838, 29 April 2009