

CLUB OF MADRID URGES IMF REFORMS TO STRENGTHEN DEMOCRACY; CALLS FOR GREATER INTERNATIONAL CO-OPERATION TO HELP DEMOCRACIES

- *The members of the Club of Madrid urged the IMF to support democratic governance in those countries where it intervenes, and to be more democratic in its own procedures and decision making.*
- *The institution, chaired by Fernando Henrique Cardoso, stressed that “the prospects for democratic survival and success require more effective international cooperation to assist democratic governments in times of financial crisis and to prevent crises from recurring.”*

Madrid, November 4th, 2003. The General Assembly of the Club of Madrid, an organisation led by former heads of state and government from democratic countries and chaired by former President of Brazil Fernando Henrique Cardoso, approved a Final Declaration on the impact of International Monetary Fund (IMF) programs on democratic governance of the countries where it intervenes.

After analysing the relationship between the IMF and several countries now in the process of democratic transition and consolidation, and which have experienced financial crises over the last twelve years, the 26 members present at the Assembly of the Club of Madrid called on *“all democratic governments to pursue sound economic policies within the framework of a market economy and their own democratic procedures. We urge them – the Final Declaration adds – to focus on effective strategies to foster and enhance sustainable development in the long-term.”*

The former Heads of State and Government, the representatives of the constituent foundations of the Club (FRIDE – Fundación para las Relaciones Internacionales y el Diálogo Exterior/Foundation for International Relations and Dialogue – of Spain, and the Gorbachev Foundation of North America) and a select group of experts from all over the world analysed the cases of Brazil, Korea and Poland, with a view to drawing conclusions from the particular cases of those three countries.

These experiences led the members of the Club of Madrid to stress that *“democracy has proven to be not only a great value in itself, but also a system capable of designing and applying effective and sustainable market economy policies.”*

Although the IMF is, primarily, a financial institution, with a fundamentally economic focus to its activity, the members of the Club of Madrid urged the Fund to recognise the link between democracy and economic policies. The former Heads of State and Government pointed out that *“democracies are much*

stronger with good economic policies” and stressed that “the IMF should be sensitive to the importance of strengthening, not weakening democracies.”

The members of the Club of Madrid urged *“the IMF to deepen its efforts toward transparency in formulating, communicating and explaining the economic policy requirements that it expects from governments that seek its assistance.”* They added: *“Policies must be technically correct, but citizens must also perceive them to be politically and socially fair.”* The members of the Club also urged the Fund *“to become more democratic in its own operations, including the composition of voting rights and the transparency of its proceedings.”*

“The Club of Madrid – the declaration concluded – “also calls attention to the fact that the economy has become global, but politics has not.” It is therefore urgent that the international community work towards a new model of global governance, one that responds to the demands of its citizens for sustainable development and social justice.

The Club of Madrid will prepare a final report on the IMF and its relationship with democratic governance in the countries where it intervenes. That report will be published in early 2004.