

Government Made the Financial Crisis; Let Us Not Make It Worse

15 October 2008

Representatives of economic policy organizations throughout Europe released the following recommendations to deal with the global financial crisis.

The basic cause of the global financial problem was that the U.S. government, along with other governments, engaged in excessive credit expansion and pressured banks to make loans – particularly home loans – to unqualified buyers.

Therefore:

1. We believe that responding to the credit crunch by adding more liquidity in the market is a short-term fix that will only help banks that were mismanaged, and will fuel inflation.
2. We believe governments should facilitate, and not hinder, the process of the market determining prices that realistically reflect supply and demand.
3. When hard times come, governments should share the burden with businesses and consumers (cut public spending and taxes) and not try to insulate themselves from the harm they have caused.
4. Governments should refrain from rescuing particular businesses or business projects. The cost of saving businesses that failed will fall on the shoulders of others, through increased taxes, inflation, or capital misallocation.

Free market capitalism has proven to be the only system which leads to sustained economic progress and respect of human liberty.

Signed,

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Institute for Free Enterprise (IUF), Germany
Institute for Market Economics, Bulgaria
Friedrich von Hayek Foundation, Slovakia
New Economic School, Georgia
Liberalny Institute, Czech Republic
Hayek Institute, Austria
Adam Smith Research Centre, Poland
European Center for Economic Growth, Bruxelles and Vienna
The Institute of Economic Analysis, Moscow, Russia
Institute for Research on Economic and Fiscal Issues (IREF), France
Contribuables Associes, France
Istituto Bruno Leoni, Italy
Project Lodz Foundation, Poland
Association for Liberal Thinking, Turkey
Mises Scientific Research Centre, Belarus
Estonian Free Society Institute, Estonia

Institute for Economic Studies, France
The TaxPayer's Alliance, UK
Ludwig von Mises Institute, Poland
Competitive Enterprise Institute, USA
Ioan Barbus Foundation for Freedom, Tradition and Capitalism, Romania
Liberales Institut, Switzerland
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European Taxpayers Association
Association pour la Liberte Ecomique et le Progres Social, France
Paneuropabewegung, Austria
Liberte Cherie, France
Conservative Institute of M. R. Stefanik, Slovakia
European Policy Network, UK
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CADI, Romania
Globalization Institute, Poland
OHRID Institute, Macedonia
Israel Center for Social and Economic Progress, Israel
Progressive Vision, UK
Public Association for Assistance to the Free Economy, Azerbaijan
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