PARLIAMENTARY CONFERENCE
ON THE GLOBAL ECONOMIC CRISIS

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Inaugural Session

Dr. T.-B. GURIRAB, IPU President, welcoming participants, said that while there had been a number of multilateral gatherings to address the financial crisis, the present conference was the first global meeting of parliamentarians on the subject. Guided by highly qualified experts, parliamentarians would consider how the crisis had come about; how to curb social recession and look for new stability and growth; and how to mitigate the impact on development.

The conference would examine gender aspects of the crisis and reform of the international financial system, concluding with ideas for a parliamentary strategy. There would be no formal outcome document, but he would give a President's summary of the major findings and way forward.

The role of parliamentarians was to ensure accountability in the way nations were governed, and provide scrutiny to ensure that policies and plans were geared to the wishes of the electorate. It was right that parliamentarians, as the auditors and watchdogs of governments and public institutions, should assess how they could mitigate current events; what part they had played in creating them; and whether they could have done more to prevent them.

It was the duty of parliamentarians to gain a clearer picture of how to tackle economic crises in order to protect the poor, who would pay most dearly for delays and inaction. The planet was imperilled not only by the misuse of money, but by rising food prices, unstable fuel costs and the devastating effects of climate change. Extreme poverty destabilised society and its institutions and imperilled peace.

The economic hurricane that was sweeping the world was also a herald of opportunity; he hoped that the current conference would generate fresh thinking on how to generate new and better jobs, spread the world's riches more equitably and make poverty a thing of the past. The colossal sums spent bailing out the banks showed that the world did not lack the money to meet development goals, but perhaps the political will to do so; it was a case of choosing priorities.

No country could solve the crisis alone, and the forces of isolation and protectionism would need to be resisted. A multilateral solution, allowing women to work on a par with men, would have to be found to what was recognized to be a global problem.

Dr. SUPACHAI PANITCHPAKDI, Secretary-General, United Nations Conference on Trade and Development (UNCTAD), said that he had been requested to deliver a message on behalf of the Secretary-General of the United Nations who believed that the world needed the influence of parliamentarians in addressing a number of urgent, inter-related global concerns.

Economic and financial turmoil continued to unsettle markets, risking a reversal in hard-won gains towards the Millennium Development Goals, social unrest and new poverty and hunger for millions. The impacts of climate change had arrived with greater force and frequency than had been anticipated. Alongside those perils were complex challenges to international peace and security, including terrorism and extremism, a possible cascade of nuclear proliferation, and intra-state conflicts that brought upheaval to entire regions.

The recent outbreak of A (H1N1) influenza was only the latest proof that the fates of all countries were linked. The world should respond with a new multilateralism, in which the international community came together not just to address individual problems, but to tackle them in tandem. Solutions to climate change must take account of food and energy needs. Solutions to the economic crisis could be found in part in green energy, green jobs and green growth. By exchanging ideas at the forum, parliamentarians could take steps to set the world on course for economic recovery and long-term sustainability. The United Nations would be a partner in that critical endeavour, and he pledged his best efforts to support them in their shared goal for a better future.

Turning to his own speech, Dr Panitchpakdi said that he wished to underline the Secretary-General's message that parliamentarians could play an important role in responding to one of the most traumatic and deepest crises the world had ever experienced.

The scale of the crisis had not been seen since the Great Depression. Although the world was better equipped to deal with some of the financial and economic issues, it had not learned to prevent them from reoccurring nor to stop boom and bust cycles in the global economy. Unlike the Asian crisis of 1997, the current crisis was global; it formed part of a global market capitalist system that could be very efficient in allocating resources and driving competition to create growth, but which lacked the capacity to sort out its own problems in times of turbulence.

Although few people could have predicted exactly when the crisis would erupt, UNCTAD had been one of the very few institutions to have sent out regular warnings. It had drawn the attention of the global community to the fact that when the Asian crisis had broken out in the 1990s, one of the major problems had been imbalances between current accounts and the balance of payments. In the current crisis, the imbalances were in budget deficits, current account deficits and the deficit of financing, because one part of the world had kept consuming while another part of the world had kept saving. UNCTAD had been constantly told that it was wrong when it had indicated that huge imbalances had been growing from year to year.

UNCTAD had also raised the problem of the glaring dichotomy between the lack of international financial regulation and the tight discipline of the global trading regime which had been subject under GATT and later the World Trade Organization (WTO), to very stringent discipline in all areas of commodities trading and markets.

UNCTAD had warned that one of the key causes of the Asian financial crisis had been the over hasty deregulation process that had led to full financial liberalization without really preparing the markets to be more mature and without having the depth, the players and institutions to balance them. Even in the most advanced countries it had not been possible to avoid the negative effects of excessive deregulation.

Questions were being raised about the causes and length of the current crisis and the number of financial institutions and countries that would be affected. Unemployment would keep rising even after economic recovery had begun. Recessionary trends had spread from the richer to the poorer countries, which had been bolstered by the commodity booms of 2007 but were experiencing “innocent bystander” effects in 2009; emerging economies were not in any way responsible for the crisis and yet they were at the receiving end.

According to recent International Monetary Fund (IMF) projections there would be no recovery before the financial institutions’ balance sheets were cleaned up because the crisis had arisen as a result of the huge imbalances in international regulations, in excessive liquidity and excessive borrowing. The imbalances were within the financial system and within households. In the United States of America, household debt accounted for 150 per cent of household income, whereas in the developing countries, household debt represented between 40 and 60 per cent of income. It would take huge stimulus packages, many government guarantees and bank capitalizations before the banks’ balance sheets and household balance sheets were cleaned up. In the meantime, families would have to put their house in order themselves by selling off their assets or saving more.

Despite the fact that they had not caused the crisis, emerging economies were seeing an unprecedented outflow of funds to dollar areas and so the dollar had been gaining in strength while developing country currencies had been sliding. At the same time, the global financial institutions and the United Nations should be concerned about the US$ 5 trillion being channelled into stimulus measures and whether there was any fiscal sustainability in the financial support being given to the system. Governments might need to put out strong stimulus measures, but they also had to devise an exit strategy and ensure post-crisis sustainability for the global economy, otherwise, debt and liquidity bubbles might continue in the emerging economies after the advanced economies had come out of theirs.

There was no reason to be complacent or to seek consolation in the soothing remarks made by policymakers to help build confidence, on green shoots, the stock markets going up and banks showing some profit. An examination of the balance sheets of the majority of banks showing profits revealed that they had pushed their toxic assets or loans loss reserve into their income account, which automatically translated into profits. Financiers and financial institutions could be very innovative in the way they manipulated balance sheets and instruments.

As Secretary-General Ban Ki-moon had said: while the world had been looking at the plight of Wall Street, the United Nations had to look at the plight of those who had no street to walk on. The Secretary-General had made the point that while the world had been spending trillions of dollars to help the top 10 or 20 largest economies of the world, the remaining 100 countries would remain in short supply of funds. The voice of the voiceless would have to be raised on that matter.

The negative impact on developing countries could come from four clearly visible fronts: trade; finance; mobility; and investment. On the trade side, the impact was so deep that countries that had been doing well and that had been rewarded by globalization for being open and linked to the global economy were suffering because of those very linkages. From Asia to Latin America to Africa, countries were suffering because of the deep decline in their export earnings. A very few economies remained buoyant because of their loose ties to the global economy. UNCTAD had calculated that the loss of export earnings for poor economies would be somewhere in the vicinity of US$ 800 billion, and that was just the beginning. On the financial side, there had been net fund outflows from the emerging economies and finance had become more expensive because any liquidity had been absorbed into the advanced economies. There had been a great shortfall in trade financing, which would need to be maintained. UNCTAD had been trying to activate the global network of export-import and regional development banks so that they could help each other in the way that commercial banks would not.

Remittances by migrant workers had soared in recent years to about US$ 250 billion a year, a figure representing nearly three times the level of official development assistance (ODA). UNCTAD had been encouraging the mobility and movement of migrant workers so that they could continue to send remittances, which had been a major source of revenue for poor countries; there had already been an estimated drop of 10 per cent in remittances and he feared that they would decline yet further. Global investment had been falling since its peak of US$ 1.9 trillion in 2007. In 2008, there had been a decline of 20 per cent and in 2009 there would be a further drop of 20 per cent or more. Some countries had indicated that their foreign direct investment (FDI) inflows had been dropping by at least 30 per cent.

The scale of the crisis, which would eventually affect all developing countries, would be of an unprecedented magnitude, begging the question of whether there would be enough stimulating funds to channel into all affected economies. Not all developing countries had accumulated their own reserves and most of them had to cope with current account and budget deficits, so they might need to borrow to put money into fiscal expenditure.

The operations of the IMF merited careful examination. It was pleasing that it was regaining its importance and that more capital was being put into it. A few years previously the IMF had had no clients, but it currently had so many all over the world that it could not cope. The Fund had US$ 250 billion to distribute but that would not be enough, as huge amounts were needed for Eastern Europe, the Baltic States and Iceland alone. Countries in transition and developing countries were also in the long queue of countries that would ask for standby arrangements. The G20 meeting in London had agreed to provide the Fund with fresh capital of US$ 500 billion but all of that money was already needed and the process of disbursement was not smooth. In the past, the Fund had told its clients to take deflationary and pro-cyclical measures by raising interest rates, reducing expenditure and slowing down the economy. Yet the whole world was currently trying to take counter-cyclical measures: all the advanced economies had been doing the exact opposite of what the IMF preached to borrowing nations. In fact, the standby credit that had been extended to Hungary, Pakistan, Ukraine and a few other countries still contained the same conditionalities, which had been imposed to ensure the return of the borrowed money but would not ensure economic recovery.

Another area where members of parliament might be involved was in the creation of new money. The IMF's special drawing rights (SDRs) were part of the arrangement to create units, which were placed in the accounts of countries; they could be converted into hard currency to trade and buy merchandise, trades and services. The G20 had agreed to a new allocation of

US$ 250 billion in SDRs although the existing quota had yet to be fully allocated. The IMF had to start thinking out of the box; allocation of funds had to be done taking into account the real needs of countries and not according to the voting rights of member countries which needed to be reformed.

All countries would need to maintain their undertakings on Official Development Assistance, which had been roughly US$50 billion below target since the G20 Gleneagles Summit, to achievement of the Millennium Development Goals, and the 2008 Rome Summit food security commitments. Food security should not be allowed to become another bubble: the financial shortfall had not been in trade alone and farmers in Africa, Asia and Latin America were saying that acreage area had been reduced. Harvests could drop, causing a decline in food supply, higher demand and speculation, which would lead to another crisis. The exit strategy would have to take those issues into account.

The crisis would certainly go on until 2010, even if some countries were able to come out of it by the end of 2009. And although work had begun on a new regulatory regime, once the crisis died down, it would be back to business as usual. So the world community would need to make sure that post-crisis mechanisms were set up to work on the reform regime. It was good news that the G20 had agreed to extend the Financial Stability Forum (FSF), which targeted OECD countries in particular. Under pressure from the rest of the world, the FSF has been transformed into the Financial Stability Board (FSB) and had been extended to all G20 members, but work on the new financial regime should include the global community and the United Nations. Reform of the Bretton Woods institutions should be structural, not cosmetic. Prudential regulations should not be applied only to developing countries borrowing funds from the IMF, but cover all regions of the world. The strongest impact of the economic meltdown had been in the advanced economies and they should be subject to surveillance as they were under the trade policy of the World Trade Organization.

Introductory video presentation
CASCADING FAILURES: THE GENESIS OF THE CRISIS

Mr. J. SACHS, Professor of the Earth Institute, Columbia University, speaking in a video-recorded presentation, said that the origins of the economic crisis; its effect on the poor; attainment of the Millennium Development Goals; and finding environmentally sustainable solutions to the crisis, encapsulated the interconnected nature of the challenges the world currently faced.

There was no doubt that the crisis had been born in the financial markets and in the expansionary monetary policies of the central bank of the United States – the Federal Reserve System - which had led to a boom in liquidity and a massive amount of lending to housing markets in the United States, Europe and parts of Asia. It was the result of the third of three big financial bubbles under Alan Greenspan's chairmanship of the Federal Reserve Board, the first of which had led to a boom in lending of short-term capital to Asia in the mid-1990s, which had quickly flowed out again following devaluation of the Thai baht in 1997. After that crisis, the Federal Reserve Board had cut interest rates and further deregulated the financial markets, ending the distinction between investment banking and commercial banking and rejecting regulation of derivatives.

The combination of deregulation and easy money had caused the second of the bubbles, the dot-com bubble, in response to which the Federal Reserve Board had cut interest rates to unprecedentedly low levels, causing a jump in money supply and huge growth in lending which, with deregulation, had been supported by new derivative instruments, especially credit default swaps and collateralised debt obligations. The lending had led to a housing boom in the United States and Europe, but many of the borrowers could not afford to repay their loans, which started to go into default in 2006, causing a cut-back in credit and a fall in house prices. As foreclosure rates rose and the housing market collapsed, stock exchanges around the world fell, in part because easy money had also gone into the stock markets and in part because bank shares had been overinflated. The loss of paper wealth in the crash amounted to some US$ 30-40 trillion, the equivalent of half or more of worldwide gross annual product. As house prices imploded, the firms that had invested heavily in the new assets found themselves in financial distress and Lehman Brothers went bankrupt. The loan defaults and the loss of what had been considered perfectly safe investor funds caused financial panic and bank lending seized up. Central banks had then started to bail out the banking system to the tune of trillions of dollars, although the bankers who had caused the crisis continued to pay themselves millions of dollars in bonuses.

As a result of the interconnectedness of the global economy, the adverse impact of the financial crisis had affected the very poorest people in the world through multiple channels: export earnings and commodity prices in developing countries had decreased and remittance income from migrant workers had declined significantly. Mining projects had closed down in communities where there was no other form of subsistence. The rich world had found some US$ 4-5 trillion for the financial sector, but it had not found an extra penny for the world's poor. Loans had been found for middle-income countries, but not for those most affected by hunger, disease and increasingly frequent climate shocks. At the G20 Summit, leaders had stated that they would honour the Gleneagles commitment made in 2005 to give US$ 25 billion each year to Africa but that money had still not been given. Furthermore, it had been suggested that both Italy and France would cut their development aid budgets as a result of the financial crisis.

The financial crisis was therefore negatively impacting attainment of the Millennium Development Goals. The practical measures used to implement the Goals: providing meals to children at school; giving people bednets under which to sleep; and making sure water pumps were in protected springs, spelled the difference between dying of poverty on the one hand or survival and development on the other. The rich world had not delivered on its promises and the financial crisis had worsened the position of the poor. He appealed to rich countries to honour the Gleneagles commitments.

Environmental sustainability was crucial to resolving the crisis: it should not be forgotten that one of the multiple reasons the economy had plummeted in 2008 had been the hike in energy and food prices which had made it harder for households to pay mortgages and had accelerated the foreclosure crisis, leading to the implosion of the financial bubble. It would not be possible to get out of the crisis by trying to rebuild the same bubble because the world would hit oil prices of US$147 per barrel and soaring grain prices as soon as the economy started to recover. Therefore, the answer was not to create a bubble of consumption, but to create an investment path for long-term sustainability. Consumption would not spring back in the short-term in any event due to rising unemployment and the vastly depressed stock markets; demand for consumption goods and the housing sector would remain suppressed. The recovery would therefore have to come from investment in the new, sustainable economy, which would bring two-fold benefits because it would provide work in a "green recovery" and create sustainable energy, climate and food security for a robust and healthy world system.

An environmentally sound, public investment strategy was needed both to boost demand and jobs in the short term and ensure adequate energy supplies. Recovery required public investment in sustainable energy, smart grids, a new generation of electric-powered automobiles, green buildings, light rail and public transport, and efficient, water-saving irrigation systems for food and water security. Rich countries could stimulate that investment and international development assistance would be needed for poor countries so that they could climb out of the poverty trap. Sustainable growth in Africa would require project finance to build solar-powered grids and modern irrigation systems, which would provide food security and income.

THEME 1: MACROECONOMIC POLICIES TO STIMULATE THE GLOBAL ECONOMY

Interactive panel discussion
CREATING JOBS AND WARDING OFF SOCIAL RECESSION

Mr. J. SOMAVIA, Director-General, International Labour Office, said that he would speak about the economic crisis from the perspective of employment and social protection. It was clear that the financial crisis had moved into the real economy, affecting jobs and creating a social recession; political leadership would be required to resolve it.

In 2008, unemployment had started to rise very rapidly; the ILO had estimated that an additional 50 million people would be unemployed between December 2007 and December 2009. Recent figures from the IMF indicated that even if growth returned in 2010, unemployment would continue to grow in that year. It could be safely assumed that the trend would continue in 2011. The informal economy had been significantly affected and ILO estimated that at least 200 million of the working poor would move into poverty as a result of the crisis.

The economist Kenneth Rogoff had calculated that, once growth had been re-established, it would take four to five years to recover pre-existing employment levels. Politicians should therefore bear in mind that the world faced a jobs and recession crisis of between six and eight years. The stock market was not an accurate indicator of recovery. It was hoped that the financial measures and stimulus packages implemented by Governments would succeed, but much more work was required on employment creation and social safety nets to protect the most vulnerable in society. Even when stock markets had risen and growth returned, the problems would not be solved; there would not be an immediate recovery, particularly in developing countries.

To respond to the global crisis, the ILO wished to put in place a global jobs pact; a political agreement that would focus on social protection, employment rights, and social dialogue. An analysis of 40 stimulus packages in place had found that they did not respond to those issues. A jobs pact implied a change in approach and a move away from the easy notion that economic recovery would automatically lead to job creation; a jobs crisis had existed even before the economic downturn and that was why there was an informal economy. Within a social market economy, targeted policies that invested in job creation would help to move markets in a productive direction. As Professor Sachs had suggested, investment in green energy and a sustainable environment would be important. At the same time, there needed to be investment in small businesses as they provided most job creation with relatively few resources.

Social protection was needed to ensure safe and viable jobs, shorter hours and skills development, limit wasteful layoffs, support job seekers through unemployment benefits and employment services, and reinforce labour market programmes. Governments should use measures that had been proven to work, but which had been marginalized as economic bubbles developed. At the request of the United Nations, the components of a global jobs pact would be discussed at the International Labour Conference and the G20 had requested that ILO measure job creation initiatives that were already in place. There would be no improvement in the economy until the financial system had recovered. There would probably be a little growth in 2009 but the risk was that, as economies recovered, continuing unemployment would be ignored.

The jobs crisis, which had preceded the economic crisis, had arisen due to imbalances in a global economy which overvalued the role of markets and their capacity to regulate themselves and undervalued the role of the state and of governance and regulation. Worse still, the dignity of work had been devalued as salaries in terms of GDP had fallen: both developed and developing countries had reduced the participation of workers in the wealth they were creating. New economies would have to espouse respect for the environment, for public goods and for social welfare; aspects that had been cut in International Monetary Fund programmes. It was not acceptable for Governments to cut social expenditure in order to pay creditors. Parliamentarians should consider what type of globalization would be reasonable and sustainable. Before the present downturn had begun, the World Commission on the Social Aspects of Globalization, established by the ILO in 2002, had found the imbalances in the global economy to be morally unacceptable and politically unsustainable.

In order to confront the crisis, it was essential that parliamentarians should set aside internal rivalries and unite to produce a strong, national position. Parliamentarians should listen to the people they represented and respond to their need for jobs, social protection and social safety nets, themes which were set out in the ILO's Decent Work Agenda.

***Mr. J.-P. LEHMANN, Professor of International Political Economy, Founding Director, The Evian Group**,* quoting Martin Wolff, the economics editor of *the Financial Times*, to the effect that the world was going through the most profound transformation it had experienced in 500 years, said that a deep systemic shift in the global economy had begun some 30 years previously with the launch of the Chinese economic reform programme. There had also been quantum leaps in information and communication technology. Many of the changes in markets had been good, but they had brought with them tremendous aspirations. There had been warning signals of the economic crisis, which had been noted by UNCTAD, the ILO and others. During 20 years of exuberant growth, economies had lacked the strong institutional frameworks, social compacts and moral guidance without which it was not possible to withstand systemic shifts and seismic shocks.

In regard to the G20 Summit, he agreed with Professor Sachs on the dangers of rhetoric. The efforts of the League of Nations on trade protectionism and jobs in the 1930s, which were recorded in the work of Findlay and O'Rourke, *Power and Plenty: Trade, War and the World Economy in the Second Millennium,* were reminiscent of the declarations issued by the G7, G8 and G20. It was the responsibility of parliamentarians to see that the rhetoric was translated into reality.

The world was certainly going through a period of opportunity, but also of extreme danger. In his 2002 book, *Globalization and its Discontents*, Joseph Stiglitz had stated that the global economy had reached a crossroads comparable that reached just before the Great Depression of the 1930s. Looking at the current economic crisis, he wondered how his grandchildren would view it in years to come and whether the immediate future would bring a global era of selfishness or of solidarity. The situation, which was morally unacceptable and politically unsustainable, had been driven by an absence of conscience and of global citizenship.

The Evian Group was working on projects to promote inclusive growth; it was not acceptable that salaries as a proportion of GDP should go down while bank profits rose. The challenges of the present were as nothing compared to the challenges of the future. While rich countries were concerned about the pensions of their ageing populations, the rest of the world was concerned about the huge youth bulge and the problems of youth unemployment, which would arrive in the coming decades as the population increased by 2.5 billion. Since the development of the World Wide Web in 1990, there had been exponential change. Yet mentalities and institutions continued to operate at the linear level; as one commentator had remarked: the world had Neanderthal mentalities, medieval institutions and 22nd century technologies.

The international community, whether through the Gleneagles Summit or Doha, had failed to keep its commitments. Institutional reform was required in both rich and poor countries in order to remedy the situation. Entrepreneurs should be encouraged to develop skills, markets and technologies and be given help in overcoming the barriers to accessing finance in poor countries. Politicians needed to face the challenge of weak leadership and take responsibility for the future. The world possessed huge assets as well as huge liabilities and the possibility existed to make the 21st century truly great.

Mr. A.F. SOROUR (Egypt) said that both the private and state sectors had played a role in causing the financial crisis. He agreed that economic stimulus packages should have a social dimension that included setting up projects and supporting companies in order to create long-term employment and stimulate demand. Governments would need to support the real economy, not just inject capital into financial institutions. Social security cover should be provided for people of all ages and from all walks of life. The least developed countries had suffered immensely from the crisis due to the interconnectedness of the world's economies. The countries that were responsible for causing the crisis should shoulder their moral obligations and, unlike in the past, wealthy governments and international institutions would need to keep their promises. Finally, good governance and strict regulation of capitalist economies was needed to ensure that the crisis did not happen again.

Mr. P. MASHELENGA (Namibia), sharing some of the strategies employed by the Namibian Government, said that it had embarked on a job-creation strategy to upgrade its road, rail, energy and water infrastructure in order to compensate for jobs lost in mining and other sectors. The Government had an oversight function when tenders for construction were awarded. It had launched green schemes to grow rice, maize and vegetables in a number of regions in order to ensure food self-sufficiency and provide employment. Parliament had also implemented a capital budget to support employment in all small villages.

Mr. R. LEON (Chile) said that Mr. Lehmann had emphasized the importance of shared responsibility, but one of the problems of globalization was that countries were like a ship's crew who did not share the same vision and were unable to agree on what course to steer. The economic crisis had been caused by economic liberalism pushed to the extreme without sufficient state control. He hoped that mindsets would change as a result of the present crisis, just as ideological views had changed after the fall of the Berlin Wall. It was disappointing that the European Union had not been able to agree on a unified position and that did not augur well for the world to reach agreement. The Government, employers and workers in Chile had reached a consensus on how to stem the tide of unemployment. The most critical aspect was to agree on the role of the state in order to prevent the cycle of financial crises.

Mr. S.H. HASHEMI (Islamic Republic of Iran) said that in order to combat the effects of the crisis, especially the rising tide of unemployment, financial measures should be taken to help the self-employed and small and medium-sized enterprises. Those measures would help to support families and create job opportunities for women and low-income groups. Social security coverage was important for the least developed countries where the poor and especially women suffered most from the crisis. International organizations should give priority to helping poor communities and the World Bank should rapidly assume its responsibility to help the least developed countries, which it had failed to do thus far. In addition, the International Monetary Fund should change its approach, as it appeared to be serving the developed, rather than the developing countries. The capital of the World Bank should be increased so that it could provide loans to developing countries to help them to create more jobs.

Mr. B. BAROVIČ (Slovenia) said that the global financial crisis had begun to impact Slovenia markedly from late 2008, when GDP had decreased for the first time in 15 years. The Slovenian Government had taken a series of financial measures to combat a further deterioration in the economy. The first financial and business stimulus package, introduced in November 2008, had been designed to limit the negative impact of lower external demand on existing production capacity and on jobs; the second package, introduced in February 2009, had aimed to boost the lending activities of banks. A third package was currently under preparation and focused on: employment measures to safeguard existing jobs; social protection policies; public sector finance; enhancing business productivity; and supporting job creation and enterprise.

Mr. A. COURIEL (Uruguay) said that he had appreciated the emphasis the Secretary-General of UNCTAD had placed on the plight of developing countries; they bore the brunt of a global systemic crisis that had originated in the United States of America. Yet at the present time the world did not have an alternative financial system. The crisis had affected poor farmers in his country and was the cause of rising unemployment. Not all Latin American countries had received sufficient funding to help them to withstand the downturn and those that were in receipt of finance had stringent conditions imposed on them. He would prefer countries in Latin America to be given responsibility for making decisions about funding in their own region, rather than relying on decision makers from the United States. He agreed that growth was necessary to generate employment but it was not sufficient by itself; poor people required skills and training, housing and food in order to emerge from poverty. There needed to be a change in attitude in the developed world if developing countries were to receive the help they needed.

Mr. M. OVIDIUS (Romania) said that the role of parliamentarians was all the more important in times of economic crisis as representatives of all political parties cooperated with their governments to find solutions. One lesson that could be learned from the current crisis was that regulation and supervision lagged behind the markets. The statement of the G20 leaders appeared to recognize that the crisis had been less due to market failures than to the incapacity of the regulators to adapt to the realities and innovations of the markets. It seemed that crisis management mechanisms needed to be reviewed and updated periodically in order to ensure that legislative provisions allowed countries to adapt rapidly and did not hinder their cooperation.

He would be particularly keen to learn whether parliamentarians supported the proposal by the Commission of Experts of the President of the UN General Assembly on Reforms of the International Monetary and Financial System to set up a global economic coordination council that would provide a democratically representative alternative to the G20. Finally, he wished to recall the statement by John F. Kennedy that the Chinese word for crisis had two characters, the first of which represented danger and the second, opportunity. It was important to recognize the opportunities afforded by the crisis.

Mr. K. MAFURA (Lesotho) said that Lesotho was very vulnerable to international problems, both due to its status as a least developed country and its geographical location. The financial crisis had hit the country hard. Lesotho's economy depended on exporting textiles and the decline in demand had forced much of the industry to close down. Similarly, most of the diamond mines had either shut or retrenched their activity. In addition, the economic downturn in South Africa had brought many people back to Lesotho and the unemployment rate had grown alarmingly. He had been pleased to hear that the leaders of the G20 Summit had committed US$ 250 billion to assist developing nations but, as other speakers had underlined, the difficulty would be in seeing that they honoured their pledges. The Financial Stability Board just seemed to add a further layer of bureaucracy to disbursement of the funds; some developing countries wanted to know whether they would receive the stimulus packages before they went bankrupt.

Mr. H.F. NAEK (Pakistan) said that the current crisis had seriously undermined the global economic system and exposed its inherent deficiencies at the structural and policy levels. The crisis had impacted developing countries the most and there was a need to understand the underlying causes and develop a unified response to them. The steps taken by major countries had raised questions about the credibility of the market economy as they sought to pump in liquidity and provide bailouts and rescue packages for their worst-hit industries. The macroeconomic policies of developed countries should be formulated to stimulate the economies of developing countries. He joined previous speakers in calling for Official Development Assistance pledges to be fulfilled.

Mr. J.-P. LEHMANN, Professor of International Political Economy, Founding Director, the Evian Group, responding to questions raised, said that many speakers had stressed the need for the international community to respect the commitments made at the Gleneagles and G20 summits. He himself had convened a meeting of ambassadors to examine how the G20 promises on trade could be implemented. He had been concerned for many years that the multilateral trading system could break down and be replaced by bilateral agreements, which would discriminate against poor countries. Education had been mentioned less, but it deserved to be highlighted because it was needed to provide skills and generate entrepreneurship.

He agreed with the remarks by the delegate of Chile: the Atlantic Charter, a one-page document drafted by Churchill and Roosevelt in 1941 and implemented by John Maynard Keynes and Cordell Hull had provided a robust vision, which had served the world well for decades after World War II; but at the present moment, it was difficult to find a vision for the 21st century that would motivate people to build a better world. Perhaps the IPU could hold a future session on the role of the nation state in the age of globalization. Most of the challenges facing the world – climate change, poverty and disease - were global and not territorial and yet the response of the nation state to them had not really been thought out yet. He also agreed with the delegate of Chile's remarks on Europe; it was his view that the present crisis might cause Europe to unravel, an opinion that appeared to be shared by Jacques Delors and Joschka Fischer. If History taught one thing, it was that all trends were reversible.

Mr. J. SOMAVIA, Director-General, International Labour Office, said that the delegate of Egypt had made very interesting links between jobs, social protection and governance which, he believed, with hard work, would be key in finding a solution to the crisis.

Two systemic questions had been raised, the first by the delegate of Chile on the effects of neo-liberalism. Deep imbalances needed to be corrected in the current economic model by enhancing the role of the state as public policy provider and impartial regulator of social and economic policies; boosting innovation and entrepreneurship in the markets; listening to the voice of society in the democratic process; and meeting the needs of the community. Financial, economic, social and environmental policies needed to be revisited in order to arrive at a very different form of globalization. For many years, globalization had been presented as a natural phenomenon to which countries should adapt, yet it was by no means irreversible or set in stone. Indeed, rather than being a natural phenomenon, as presented in the 1970s an 1980s through the conditionalities imposed by the Washington consensus, the World Bank and the IMF, it was clearly a set of ideological and political policies. The delegate of Uruguay had asked whether there was an alternative to the financial system of the United States of America. The economic model would need to be re-thought over the next 10 years and many countries, including China, would be focusing on developing domestic markets, which would provide more stability than exports. However, internal markets also relied on consumption capacity, which in turn would be driven by productive capacity and wage levels.

Thursday, 7 May 2009
(Afternoon)

Question-and-answer session

FINDING A NEW PATH TO STABILITY AND GROWTH: CONCLUSIONS OF THE G20

Lord MALLOCH-BROWN, Minister of State (United Kingdom), recalled that Prime Minister Gordon Brown had described the current recession as the first crisis of globalization; it had shown the weakness of national institutions, governments and parliaments when faced with a global financial markets crisis for which there were no national regulatory solutions. It had also been a crisis of contagion, which had spread from sub-prime mortgages in the United States to the global housing market, global banking and the real economy, forcing governments to find global policy solutions. Both the crisis and its response would be remembered as a time of decisive change in world economic events because of their global dimension.

The recession had caused a massive crisis of trust, which had rippled across financial and political life, causing a fundamental breakdown in the transactions that underpinned the economy and bringing a huge proportion of international trade to a halt. There had been a dramatic double-digit fall in world trade, reflecting not just reduced demand, but the inability of sellers to find banks that would issue them with letters of credit in order that their goods could be securely shipped and transactions honoured. The crisis had gone through every aspect of national economies; banks had pulled back money from overseas branches, people feared that they would not be able to meet their mortgage payments or that their jobs might not be secure. The world had watched a huge deleveraging taking place and a massive destruction of wealth, which had cast insecurity into people’s lives. The insecurity had been triggered by global conditions, which were beyond the reach of individuals or governments to redress. Political uncertainty had translated into low scores for ruling parties in opinion polls and at the ballot box as people questioned who was in charge and whether national solutions would be sufficient to deal with the global economic storm.

The purpose of the G20 meeting had been to find some of the answers to the existential crisis affecting political and economic life. 20 leaders, whose economies collectively represented 85 per cent of the world's GDP, were to agree on a plan of action, which would be sufficiently strong, plausible and detailed to restore people's confidence in their immediate personal economic futures as well as those of their countries and the global economy. That confidence had begun to recover was evident in the verdict of the stock markets at the time of the G20 Summit, and in the economic statistics for China, the United States and other parts of Asia. Signs of real growth were coming more slowly in Europe and other regions whereas the more flexible economies were showing early signs of movement.

However the recovery could only be sustained and the world economy drawn back towards growth in 2010 if the kinds of decisions that were taken at the G20 were really implemented. In order for that to happen, the G20 should not follow the mistakes of other G groupings before it and assume that it had a sovereignty or legitimacy that enabled it to take decisions for the world economy. The G20 had sought to gather a more inclusive group than just the world's biggest economies and hence the effort to invite ministers and leaders from Africa and Asia, including the Prime Minister of Ethiopia in his role as the Chair of the New Partnership for Africa's Development (NEPAD); and the Chair and Secretary-General of the Association of South-East Asian Nations (ASEAN). Strong representation from the international organizations had included the United Nations Secretary-General, the Director-General of the WTO, and the leaders of the IMF and the World Bank.

The G20 meeting had tackled the issues of recovery, growth and jobs with a resource package not only for rich and middle-income countries, but also for countries that did not have the luxury of being able to engage in their own fiscal stimulus or counter-cyclical public investment. The G20 had called for global standards to drive financial regulation of the markets, and oversight and supervision of banks and financial institutions and their capital requirements. Tax havens had also been the subject of much discussion.

The G20 hoped that it could reverse the downturn in economic growth by halting the decline in world trade. Trade had been contracting much faster than global GDP. A financial package amounting to US$ 250 billion had been announced and care had been taken to include resources for the poorest countries in all the measures taken.

The summit had signalled that leaders had been serious, that they had overcome their differences, and committed to short- and medium-term steps which would make a difference, on top of the very significant fiscal national stimulus plans that they already had in place in their own countries. The decisions taken at the summit needed to be translated into action at by the boards of the IMF and the World Bank, at the African Development Bank's annual meeting, and in June at the UN high-level meetings. It had been agreed that there would be another heads of government meeting, which would probably be held in the United States in September, it would focus on taking stock of the progress made since the London summit and on what further steps to take.

At the global macroeconomic strategic level, it was clear that there some issues that were too long-term for the emergency summit but which continued to worry heads of government: the first was the imbalances in the world economy and the need to move from a situation where a country like the United States of America had a negative savings rate and some Asian countries had a 50 per-cent savings rate. Chinese leaders had very publicly acknowledged that there needed to be a shift in the economic business model to higher domestic consumption and spending in China and less dependence on exports to markets like the United States. Similarly, the United States had to drive up its savings rate because the dollar was the only global reserve currency and everyone had a stake in it being a solid currency. In the run up to the London meeting, both the Chinese Central Bank Governor and the Russian leadership had raised the question of whether a global economy should have more than one reserve currency in order to ensure global monetary stability.

In addition to macroeconomic questions about the future direction of the shared global economy, the issues of development, attainment of the Millennium Development Goals and jobs were of major concern. Richer countries might start to recover slowly in 2010 and then more strongly in 2011, but for poorer countries, the original purpose of the Millennium Development Goals and the case for building effective social safety nets and investing in health, education, jobs and growth had become all the more urgent; otherwise, the world would have a two-class global economy.

As developed countries struggled with the financial crisis, many developing countries were still feeling the effects of the food and energy crisis, which had begun a year earlier. While energy prices were down for western consumers and food prices had stabilized, that was not the case in developing counties, where different market circumstances had led to price rigidities, which meant that food was still in short supply, and food and energy prices were high, although for many consumers, they were still the biggest components of their household budget. There had also been a dramatic contraction in remittances, government revenues and commodity prices on which so many developing economies were dependent for exports. There was no doubt that the crisis was multi-faceted and that it had not been caused by developing countries; the response to it would have to come not only from the G20 process, but through global governance of a shared global economy. The world needed to build a sense of global solidarity that enabled it to address those issues and not just the issues of bankers and banking stability.

Ms. E. PAPADEMETRIOU (Greece) said that she hoped that G20 leaders, who had agreed that a global crisis required global solutions, would finally translate their words into concrete actions. In addition to the monetary measures, the strengthening of the global financial institutions and the trillions of dollars of fiscal measures spent to stimulate the global markets, she wished to underscore the need to reinvigorate trade, meet the Millennium Development Goals and Official Development Assistance pledges, invest in human resources and reach an agreement at the United Nations Climate Change Conference in Copenhagen.

A positive aspect of the crisis was that it had prompted people to think globally; a survey published recently in Greece had shown that 92.5 per cent of interviewees believed that priority should be given to supporting no- and low-income citizens, while 65.5 per cent believed that economic growth should be based on redistribution of income in order to reflect social justice. She was sure that parliamentarians had all received similar messages from their electorates. The era required a new economic model based on sustainable development rather than speculation, focusing on the real economy, investing in research and development in science and new technologies and trade in competitive products. It was imperative to speed up the legislative reforms required for the operation of regional free trade agreements.

Mr. K. MARTIN (Canada), referring to the plight of the very poorest people which had been highlighted by Mr. Sachs that morning, said that, forty years previously the Asian Tiger economies had been far behind those of sub-Saharan Africa, yet they had vaulted ahead of them because they had not had predatory governments, they had focused on developing primary health care, education and a robust judiciary and they had been able to attract foreign direct investment. Official Development Assistance might well be a primer, but in order to help countries to tap into their potential, the ultimate objective must be to obtain foreign direct investment. In his 26 trips to Africa, many of them working as a physician, he had found there was a heart-breaking difference between potential and what could actually be achieved on the ground. He proposed that the IPU Secretariat should collect and present to delegates a list of the contact details of all those present so that they could continue to work together on medical, primary health care and infrastructure projects.

Mr. A. MORA MORA (Costa Rica) referring to the presentation by the Director-General of the International Labour Office and drawing attention to the role of the business sector in the economy, said that labour legislation should be balanced so that it protected both employers and employees.

Mr. C. AGORASTOS (Greece) said that the world was facing the worst financial and economic crisis in the post-war era. The crisis had provided an opportunity to press ahead with structural reforms that were easy to understand, focused on policies that would solve problems within a concrete timeframe, and that engaged with an “alliance of citizens”. International actors, both states and individuals, had been ill-prepared to face the crisis. The 1930s had proved that protectionism could become a devastating temptation and indeed state aid appeared to be growing, particularly in banking and the automotive industry, in the form of subsidies and guarantees for domestic firms. Furthermore, in political economy terms, states had become more active and, because the global crisis was perceived through different national and ideological lenses, de-globalization and protectionism were a growing threat.

Examining some of the questions thrown up by the crisis, he wondered whether it would be possible for states to re-tame capitalism without reversing globalization and cutting back the benefits of open markets. If there was scope for further international cooperation, he asked whether it should be held in a new international organization that would deal with the world economic order. Further consideration should be given to the relationship between long-term sustainability and short-term stabilization objectives. He asked whether structural reform was part of an optimal policy package and which aspects of structural policies were most important for preventing a crisis and limiting the damage it caused.

Mr. R. DEL PICCHIA (France) said that the G20 meeting had focused on the immediate problems caused by the financial crisis; he proposed that a more permanent economic and financial council should take over the work it had begun in order to manage those issues in the longer term. Recalling that OPEC had tried to abandon the US dollar briefly in 1974, he believed that any agreement on a new global reserve currency would require more discussion between the United States and China; the euro would not be able to take on that role. The G20 summit had noted that the crisis had spread through the securitisation of debt; having studied that issue, a committee of French parliamentarians and senators had concluded that measures to restore confidence should include banks holding a minimum of 10 per cent - and not 5 per cent - in reserves.

Lord MALLOCH-BROWN, Minister of State (United Kingdom), said that the G20 leaders had reached agreement on the statement despite apparent differences before the summit, which was a sign of the heavy political investment that each had made for the sake of their national plans and their voters. The international financial institutions had received considerable additional resources from the G20, but they had yet to reform their governance, their operations and the way they lent to countries to make sure that the money was used in a supportive and flexible manner without imposing a lot of conditionality and fiscal contraction at the very moment when expansion was needed. Prime Minister Brown, as chairman of the G20, would be reporting on reform of those institutions at the next meeting. Although climate change had not been heavily debated, there had been a consensus that the recovery should be as green as possible.

Turning to the intervention by the delegate of Canada, he said that he had spent part of his own career at UNDP where he had helped developing countries to attract foreign direct investment. As a member of the British Government, he was committed to maintaining Official Development Assistance, as it was critical to world development, security and cooperation. There should be no doubt that foreign direct investment, which was currently being withdrawn from Africa and elsewhere in waves, could support and amplify the effects of Official Development Assistance but it was no substitute for it.

He agreed with Mr. Agorastos of Greece that protectionism was a key issue and parliamentarians should fight for free trade as boundaries between the state and the private sector were being re-drawn. It was clear that stronger international economic governance was needed through an institution that represented all of the 192 Member States of the United Nations but with a more manageable size along the lines of the Security Council. Reform of all the international financial institutions would continue to be discussed as the world sought the right formulas and arrangements to manage the global economy.

Interactive panel discussion
MITIGATING THE IMPACT OF THE CRISIS ON DEVELOPMENT

Ambassador A. YIMER (Ethiopia), speaking on behalf of Mr. T. Toga, Speaker of the House of People's Representatives of Ethiopia, said that, coming immediately after an oil and food crisis that had pushed many people in Africa to the brink of catastrophe, the world economic crisis might cause Africa to lose momentum in achieving the Millennium Development Goals. Accelerating implementation of the priority actions identified in the Goals was at the heart of development strategy in Africa and a test of its longstanding relations with its development partners. African countries were doing their best to implement the Goals by designing targeted policies and re-prioritizing budgetary contributions. Development partners had pledged to double their Official Development Assistance to Africa at the G8 meeting in 2005; resources would need to be scaled up to realize that promise and to ensure implementation of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.

Turning to the topics discussed at the G20 summit, he said that the recent financial and economic crisis would impact trade, investment and remittances in Africa and the Prime Minister of Ethiopia had underscored that further resources would be needed to mitigate them. Reform of the financial institutions should include giving a greater voice to African nations; conditionality in aid would not provide a breakthrough in development. The World Bank's Country Policy and Institutional Assessment (CPIA) should be changed from a policy-input-based to an output-based rating system, a new approach that would be consistent with best practice in the private sector, allow more policy space for African countries and radically enhance ownership of development strategy. African leaders also believed that investment in infrastructure projects would have a multiplier effect in stimulating Africa economies, reducing the bottlenecks that had impeded the continent's transformation. The significant resources required for such projects could be mobilized through instruments that put little pressure on donor countries, such as the issuance of additional special drawing rights by the International

Monetary Fund, which could also sell some of its gold reserves. Recapitalization of the development banks, which could then lend more than donor countries, had also been discussed. It would also be important to complete the Doha Development Round of trade negotiations, as its implementation would enable Africa to benefit from the global trading system.

The IPU had an obligation to bring pressure to bear on governments to live up to the commitments they had made at Gleneagles and at the G20 summit. The international financial institutions should also monitor the effect of the downturn on developing countries, especially in Africa, and take measures quickly to prevent them sliding into poverty and conflict without imposing burdensome conditionalities.

Mr. P. LARSEN, Director of External Relations Division, World Food Programme*,* said that, while global food prices had come down, they remained on average 66 per cent higher than in 2005, dramatically increasing hunger and humanitarian needs across the world, including in countries that had been improving until the financial crisis took hold in autumn 2008. Vulnerability studies conducted by the World Food Programme had shown that the fall in remittances and incomes and loss of jobs had had a considerable impact in many regions and there were early indications that 100 million more people would be facing hunger and malnutrition as a result of the financial and economic crisis, in addition to the 115 million who had been added to the ranks of the hungry as a result of the food crisis in 2007 and 2008. For the first time, the number of people experiencing hunger had passed 1 billion, or one sixth of the world's population. Every six seconds, a child died of hunger-related diseases, a situation was unsustainable and, indeed, scandalous and needed to be tackled urgently. Therefore, he encouraged partner and donor countries to assist developing countries to achieve the third target of the first Millennium Development Goal, which was to halve the proportion of people who suffered from hunger between 1990 and 2015. Achieving that target would cost a fraction of the amounts spent on the financial rescue and would prevent the bottom two billion people living on less than two dollars a day from falling even further into poverty and hunger.

The world had made great progress, halving the number of people suffering from hunger between 1970 and 2003, but there had been a reversal in the gains made towards achieving the Millennium Development Goals. Besides being an affront to human dignity, hunger and food insecurity had huge potential costs in terms of lost economic development potential and risks to social and political stability and security. Studies by the WFP and the United Nations Economic Commission for Latin America and the Caribbean showed that child malnutrition cost economies in the region 6 per cent in lost GDP. The social unrest and riots in some 30 countries following the food price crisis had caused at least one government to fall and had put pressure on fragile democracies. The WFP had been able to provide food and restore calm in many of those countries thanks to the generosity of its donors and in particular the Government of Saudi Arabia, which had donated US$ 500 million in un-earmarked funds.

Food security was closely linked to national and regional security as well as to human security - as evidenced by the situations in the Horn of Africa and Afghanistan. There were 2.5 million people in Somalia who were completely dependent on WFP food shipments, which were continually threatened by piracy; he thanked the European and other countries that had provided naval escorts for WFP ships. Somalia provided an example of food insecurity: people rioted, migrated or died. Somalis who had fled to refugee camps in Kenya were also being helped by the WFP as were many people in Latin America; the Programme was also helping 500,000 people in Kyrgyzstan at the request of the Government.

He believed there was cause for optimism: hunger could be tackled successfully, as many nations had done: Ireland and Sweden three generations previously and, more recently, China, Brazil, Namibia and Jordan. As Brazil had shown, there was a positive correlation between economic policies and hunger: fighting hunger had economic benefits. In the previous year, the WFP had added some 30 million people to its feeding programme and currently supported 100 million people with food and nutrition and with safety nets such as school feeding for 20 million children. United Nations partners had provided seed for farmers. As Lord Malloch-Brown had said, Official Development Assistance worked and it should not be left out. In 2008, the WFO had raised US$ 5 billion, US$ 1.1 billion of which had been spent buying food from local farmers. The challenge would be to scale up existing responses and to see that countries kept their promises and doubled their commitments to Official Development Assistance. Still the road was hard: the WFP had recently had to cut rations in half in Zimbabwe and had cut four million children from its programme in DPRK. The WFP was part of the United Nations High-level Task Force on the Food Security Crisis and was working with countries to keep food security at the top of the agenda; the critical issue was to ensure that people had access to food and that Official Development Assistance was used for the most vulnerable.

Mr. B. TUROK (South Africa) said that one aspect of the financial crisis that the meeting had not explored thus far was how it was viewed in the developed world. The profound analysis in the London *Financial Times'* series on the future of capitalism, which had examined the systemic nature of the financial crisis, its sources and its effects, was important because it would not be possible to mitigate the effects of the crisis until its origins had been understood. The countries of the South, which had obeyed the orthodox macroeconomic policies of the North, suddenly found those very same orthodoxies were being challenged by the developed world. In a reversal of policy, in developed nations the public sector was being encouraged to spend, there had been partial nationalisation of banks, a phenomenon unheard of one year previously, fiscal stimulus, creating demand through social payments and a new focus on good governance in the financial sector. He had wished to ask Lord Malloch-Brown whether the governments of the United States and some European countries had provided guarantees regarding the hedge funds and derivatives, many of which were currently worthless on paper, but which the ratings agencies (Standard & Poor's and Moody's) had rated as triple-A. If that were the case, then perhaps those governments bore some of the responsibility for the huge bubble that had arisen partly as a result of the rating agencies' approvals. The question of good governance was high on the agenda of the developed world.

The *Financial Times* had run an article some two weeks earlier in which it had claimed that the United States could not achieve financial recovery alone, but would depend on demand in emerging countries such as India and China. He invited parliamentarians to reflect on the new market forces balance in which India and China took part. In Africa, the IMF and the World Bank were still dominant and countries were subordinate to their policies and to the rating agencies; they therefore exercised a great deal of prudence in implementing macroeconomic stabilisation policies.

Considering the views expressed during the meeting, he believed it would be possible for financial recovery to take place without removing the systemic questions he had heard raised by speakers. It might be possible to solve the financial crisis without solving the social consequences of poverty and unemployment, as the Director General of the ILO had indicated. It would be preferable to address both the causes and the effects of the crisis, recognizing the weaknesses in the financial system and creating a solidarity between developed and developing world; the United Nations and the IPU could play a strong role in that regard.

In addition to the international aspect, there was also a national dimension to mitigating the impact: the aspects that were within the control of national governments in developing countries should be identified. As many speakers had emphasized, the first responsibility of a developing country government was to provide public goods. South Africa had turned to the concept of the developmental state; it seemed that, with their focus on the financial sector and stabilisation policies, developing countries had neglected the real economy and development. In addition to development, it had to be determined whether developing countries could create a fiscal stimulus of the kind used in the developed world. Developing countries could also lower interest rates in order to avoid stifling the economy. The developing world was also suffering capital outflows to the developed world. Some countries had imposed capital outflow restrictions and they should be considered to ensure that outflows did not destroy developing economies. Developing countries should also consider beneficiation of their natural resources in order to add value in their own economies rather than to economies overseas. An efficient taxation scheme could also play a significant role in alleviating budget deficits. It was clear that regional integration would be helpful; Asian Finance Ministers had recently agreed to upgrade the Chiang Mai Initiative to provide emergency funds to ASEAN countries hit by the financial crisis. Summing up, he said that the approach to the crisis should be two-fold: developing countries should work out their own solutions to the crisis along the lines he had suggested, while the universal nature of the crisis should lead both developed and developing countries to develop common interests and common bonds to alleviate the suffering of their people.

Mr. J. NETO (Portugal), highlighting the remarks by Mr. Turok, said that one of the origins of the crisis lay in the failure to regulate the parallel banking system of hedge funds and private equity funds; Mr. Greenspan, the former Chairman of the Federal Reserve Board who had been responsible for deregulating the markets, had admitted that he had been wrong to believe that they would regulate and correct themselves. The ratings agencies should also be regulated to ensure that they provided realistic views on the solvability of financial institutions.

In terms of mitigating the crisis, developed countries would be obliged to take a pragmatic approach both because of the scarcity of resources and because public opinion would compel governments to respond to the domestic issues of employment and growth: the margin for assistance to developing countries would therefore be limited. Everyone wanted to avoid protectionism, but it was a reality in the current economic situation. Noting the difficulties experienced by Austrian and German banks which had lent to Eastern European countries and the IMF assistance subsequently provided to those countries, he believed that the internal solutions Mr. Turok had suggested, including benefiting from their own natural resources, should be taken up by developing countries. Nevertheless, he believed that eliminating corruption and promoting good governance would also be essential to mitigate the effects of the crisis in developing countries.

Mr. ZHA PEIXIN (China) said that the international financial crisis was still spreading and the impact on the real economy becoming more evident. The financial crisis was complex and severe. A number of countries had already slipped into recession and were facing challenges in maintaining social stability. The most pressing tasks were to stabilise the financial markets; make every effort to restore global economic wealth; oppose all forms of protectionism, and maintain an open and free environment for trade and investment; pay attention to relevant reforms; and especially, mitigate the impact of the crisis on developing countries. In order to combat the effects of the crisis, China had made timely adjustments to its macroeconomic policies, swiftly adopting a proactive fiscal policy and a moderately easy monetary policy. It had formulated a package to expand domestic demand and to boost economic growth: it had substantially increased government spending, introducing a two-year investment plan totalling RMB 4 trillion. The Government had cut taxes, lowered interest rates and introduced liquidity in the banking system. It had implemented industrial restructuring plans and had invested in scientific and technological upgrading. It had introduced projects to reduce pollution and protect the eco-environment. It had made further efforts to adjust the distribution of national income and to expand domestic and especially rural markets. Social security levels had been raised. The policies had begun to produce positive results.

He agreed that a global crisis needed a global solution and that further international cooperation was required. China had been actively involved in international efforts to fight the financial crisis. It had kept its exchange rate basically stable. China had also provided support to other countries, signing currency swap agreements with different countries and regions. It had implemented assistance measures through the Forum on China-Africa Cooperation. It would continue to work with the international community to advance reform of the international financial system, maintain the stability of a multilateral trading system, and contribute its share to early economic recovery.

Mr. H.F. NAEK (Pakistan) said that the world needed a plan for global development and growth based on the right mix of economic policies. In order to mitigate the present crisis and avoid future financial crises, he advocated: revisiting the concept of unregulated markets; relying on a balanced approach premised on the mutuality of interests of developed and developing countries; restoring confidence in the financial markets to normalize the flow of credit, especially to developing countries; creating policy space for developing countries to design fiscal stimulus plans, in particular by removing conditionalities relating to economic performance and creating additional compensatory and reliable financial instruments; strengthening an IMF-led early warning system to anticipate crises; and safeguarding and promoting investment in infrastructure and social development to avoid regression in human development in developing countries.

Pakistan supported the recommendations outlined by the Commission of Experts of the President of the UN General Assembly on Reforms of the International Monetary and Financial System and believed that the following measures needed to be taken: there was a need to record the full impact of the crisis in the short-, medium-, and long-term on low-income countries and on their achievement of the Millennium Development Goals; mitigation of the immediate impact of the crisis and a long-term review of the global economic and financial architecture; firm commitments on reframing the principles of conditionality and concessional lending of the IMF and clear timeframes for reform including possible fast-tracking of the revision of loans currently being made to low-income countries by the G20; no resort to trade protectionism and allowing low-income countries easy access to credit; expanding market trade to stimulate employment in developing countries; and renewed efforts for a pro-development outcome to the Doha Development Round.

The United Nations should play a central role in establishing ‘doable’ mitigation measures that included inbuilt monitoring and implementation measures. Stimulus packages were needed for all the developing countries. Serious consideration should be given to the World Bank’s proposal for a vulnerability fund for developing countries. Effective reform of the global financial system would require an improvement of the IMF’s surveillance functions. In view of the past role of the credit ratings agencies, they should be monitored and made accountable.

Mr. D. ONA ONDO (Gabon) said that he wished to highlight some of the effects of the crisis on developing countries, in particular the outflows of capital from Africa to Europe. He called upon the G8 countries to maintain their commitment to provide 0.7 per cent of GDP in development aid. Developing countries would need even more resources which could be sourced through innovative methods, such as the French airline ticket tax which had raised € 200 million for medicines. There could also be a tax on international transactions.

The crisis would cause unsustainable levels of debt, especially for countries in sub-Saharan Africa. Unfortunately, debt relief measures, such as the Highly Indebted Poor Countries (HIPC) initiative and the Multilateral Debt Relief Initiative (IADM), were limited in terms of their eligibility criteria (income of less that US$ 380 per head), their conditionalities and the sums allocated. If there were no resolution of the debt crisis, developing countries would not be able to achieve the Millennium Development Goals.

He agreed with previous speakers who had accented the need to monitor the crisis, to regulate the banking sector, reduce risk and ban speculation. Emphasizing the ethical dimension to the crisis, he underlined the fact that senior bankers continued to receive bonuses even as the downturn was in full swing. Efforts should be made to stem the corruption and money laundering that were at the root of outflows of capital from developing to developed countries.

The systemic nature of the international monetary crisis should prompt a complete re-think of the Bretton Woods system. In particular, special drawing rights (SDR) should be allocated on the basis of need and not according to the influence or power wielded by a particular country; country representation within the Bretton Woods institutions should be improved; and the proposal of Maynard Keynes to introduce a global central bank that could act as a bank of last resort should be examined.

Turning to issue of African currencies, he said that the CFA was linked to the euro and, as the euro had appreciated against the US dollar, the CFA (and other African currencies) had become over-valued. A devaluation of African currencies would make African economies more competitive. Gabon was classed as a middle-income country due to its high export revenues and small population and therefore, despite the fact that the crisis had caused its income from timber, oil and manganese to fall, it was not eligible for assistance. The classification system was not as objective as it might be and he asked for Gabon's classification to be reviewed. All African countries should be treated on an equal footing and be able to benefit from development aid as they all faced the same development problems.

Mr. I. MANIATIS (Greece) said that all were agreed that the world was going through a crisis that affected economies, the environment, energy, food and, especially, ethical and political life. For the preceding 20 years, governments had been weak and unable to deal with markets, which were driven by self-interest and greed. The climax to the global drama was currently unfolding like an ancient Greek tragedy, in which hubris had been fed by an arrogant and short-sighted capitalist system that had treated the planet as if its resources were unlimited and caused the greenhouse effect. The earth would have the right to revenge for the neglect it had suffered; it would need 250 per cent more natural resources to fulfil the needs of the current generation. He believed that the meeting should give priority to five goals: a more active role and dynamic participation of governments within global governance; adopting a horizontal world taxation system to combat climate change and poverty; redefining global GDP to take full account of the environmental costs; introducing a tax regime and investment incentives, with support from international financial institutions, for small and medium-sized enterprises which focused on green jobs, products and services; and adopting international law on cross-border environmental crime.

Mr. U. BAYERO (Nigeria) said that he agreed with those speakers who had drawn attention to the challenges of supervision, regulation and oversight thrown up by the financial crisis. He also agreed with the Director-General of ILO that, even before the current crisis, employment had not kept pace with development; that was especially true in developing economies such as Nigeria, which had been struggling to deliver full employment and achieve the Millennium Development Goals. Therefore, the dimensions of the problem could well have been understated.

In Nigeria, the House of Representatives had established technical committees to examine issues of regulation and forestall public panic and mass withdrawals from banks. To counter the Nigerian economy's reliance on oil, the executive had begun to invest in agriculture and the textile industry. Yet the Government had limited capacity to respond to the crisis because recovery would depend on the international environment. There was also an inconsistency between what the IMF required of developing countries and the conditionalities it imposed and the measures required, and being taken, in the developed world. The international community could have done more to counter the effects of the withdrawal of funds from developing countries by developed economies as a result of the crisis. The G8 and the G20 could also fulfil the pledges of aid they had made. He believed that developing countries could probably achieve more for themselves by promoting good governance and fighting corruption than by relying on what the international community would do for them.

Mr. Z.A.A. BARRY (Saudi Arabia) said that, in addition to the US$ 500 million that Saudi Arabia had donated to the World Food Programme, it had established a fund some 30 years previously from which non-concessional loans were made to developing countries to foster social and economic development. It had also made budgetary allocations for Official Development Assistance and supported multilateral programmes, the World Bank and the IMF. Saudi Arabia had taken several measures to mitigate the impact of the crisis through its national bank and it had significant reserve funds. It had increased production in its petrochemical industries.

From an international economic perspective, governments needed to develop policies to respond to the crisis. The funds spent on militarisation in the least developed countries could have been invested in economic and social development and the United Nations could provide assistance to them to achieve that end.

Mr. A. LIMA (Cape Verde) said that, on the subject of how parliaments were to face the economic and social crisis, he agreed with those speakers who had underlined the need to tackle not only the financial crisis, but also the crises of poverty, food and the environment. It was essential, as Mr. Turok had said, for developing countries to explore their internal potential but also that developed countries kept the promises they had made within the framework of the global partnership for development. As regarded world trade, many countries had protectionist practices and developing countries found it very difficult to access the markets of developed countries. Governments were adopting budgetary policies to deal with the crisis: Cape Verde had raised its investment budget and lowered taxes in an effort to create jobs and provide relief for families who had been severely affected but the downturn. However, it was essential that policies relating to combating the social recession, protecting the environment and poverty reduction should receive more support from the international community. In view of the importance of national programmes, parliamentarians should become more involved in defining and controlling them, especially those promoting attainment of the Millennium Development Goals, which were the minimum common denominator for international development.

Mr. M. EL SAID (Egypt) said that a number of developing countries had been unable to put in place policies in response to the crisis, which they had played no part in causing. The crisis had been caused by greed in developed countries. Developing countries suffered much more from the consequences of the crisis than developed countries and the aid they were receiving to help them to deal with its effects was insufficient. Developing countries needed help to reduce poverty, which was often unbearable. Developing countries needed to participate in the decisions taken by the major countries of the world rather than having decisions imposed upon them; for that reasons, the current meeting of parliamentarians was all the more important as it gave all the opportunity to explore solutions to the crisis.

Mr. B. TUROK (South Africa) said that protectionism could be viewed as self-reliance, a concept discussed by Professor Adebayo Adedeji in his speech charting Africa's progress from the Lagos Plan of Action to NEPAD in 2002. The question was when did self-reliance turn into protectionism? There was no country in the world that did not practice some form of protectionism: Europe imposed a 10 per cent duty on imported cars. The United States imposed import duties on cotton and many other products. Open markets had shown some advantages, but in other cases, protectionism was necessary and warranted. He agreed with the view of UNCTAD that countries could exercise a degree of protection to help their infant industries to grow. South Africa had suffered de-industrialization after it had lowered its tariffs. Therefore, while blanket protectionism was clearly wrong, developing countries in particular had every right to protect their infant industries.

All were agreed on the need for good governance but it had emerged that, while the IMF had been lecturing developing countries on the subject, it had not succeeded in its own good governance: it had failed to regulate or prevent the practices of Bernard Madoff who had stolen US$ 75 billion in America. There were examples of good governance in countries in Africa, Asia and Latin America and that fact should not be overlooked.

Regarding Official Development Assistance, opinion polls conducted in the United Kingdom, France and elsewhere in Europe demonstrated that public opinion was overwhelmingly in favour of maintaining aid to developing countries. There was a sudden realisation that the financial crisis had been caused by greed and therefore what was required was institutional control of that greed through a regulator. China was a good example of a country with a well-managed economy, but, while its penetration of African economies was quite substantial, it could do more to transfer skills to the continent. Turning to the theme of corruption, he recalled that the Finance Committee of the Parliament of South Africa had studied a bill on money laundering on which it had taken advice from the FBI which had warned that money laundering existed on a massive scale in the United States. Corruption was clearly a serious international problem on which the United Nations could give a lead.

Mr. P. LARSEN, Director of External Relations Division, World Food Programme*,* responding to comments made, said that he fully agreed with the representative of Pakistan that a people-centric approach to assistance programmes should be adopted. In times of crisis, the focus should be on people's basic human needs: food, water and shelter and donors giving Official Development Assistance and developing countries drawing up their own plans should have that clearly in mind. There should be no artificial distinction between long-term and immediate humanitarian needs as investing in people by providing immediate relief was also an investment in human capital and security and in national and regional security and economic recovery in the longer term. In providing assistance, there should be a focus on what had been found to be most concrete and effective on the ground in delivering a better life for people: it had been shown that the United Nations multilateral, Bretton Woods system could deliver. The World Food Programme was entirely voluntarily funded by governments and private donors and just before the food crisis had struck, it had made 25 per cent of its staff redundant due to lack of funds; Saudi Arabia and other donors had come forward with extraordinary contributions which allowed the work of the Programme to continue.

Ambassador A. YIMER (Ethiopia) said that all should bear in mind the target date of September when the G20 were due to meet again to take stock: it was incumbent upon parliamentarians to put pressure on the G20 leaders to make sure that they lived up to the pledge in their statement that they would act and deliver. The next G20 summit could therefore be characterised as the hour of truth.

Friday, 8 May 2009
(Morning)

Keynote presentation
GENDER ASPECTS OF THE ECONOMIC CRISIS

The IPU PRESIDENT, introducing the item, said that, for many years, the IPU had led the way in the promotion of equal opportunities for women in society and in politics. Gender-responsive legislation, gender-sensitive budgeting, micro-finance lending and similar tools were all supported by the IPU. They served to empower women economically and politically and, most importantly, enabled them to take part in decision-making.

Thus in times of crisis the IPU emphasized that policy responses to the global financial meltdown should also focus on the role of women as economic agents. The all-too-familiar situation where women and girls shouldered the economic burden disproportionately should be addressed head-on.

Ms. B. PRAMMER, Speaker of the National Council of Austria, said that the impact of the current crisis on development should be taken very seriously. One quarter of the world population lived in extreme poverty. In its most recent report, the OECD had stated that OECD countries were in the deepest and most widespread recession in more than 50 years. Yet it was not only a crisis of the industrialized countries but also a global crisis that, according to the World Bank-IMF *Global Monitoring Report 2008*, endangered the Millennium Development Goal of reducing poverty.

The contraction in world trade in the last quarter of 2008 meant that the global financial crisis had been followed by a global economic crisis, which would lead to deep changes in the structure of the global economy and an increase in unemployment and poverty. It endangered not only the hopes of millions for a decent life, but also political stability in many countries.

By the end of 2008, the number of working poor and those in precarious employment or unemployed was beginning to rise as the effects of the economic slowdown spread. Both women and men were affected by job losses, but women were often laid off first as men were traditionally considered to be the main contributors to household income. In some countries, traditionally male-dominated sectors were experiencing heavy job losses, while in other countries, jobs were mostly being lost in female-dominated sectors.

Unemployment was an enormous problem for everyone, but it was worse for people with a low income, who were most ordinarily women. They had not been able to save money in good times to help their families and their full-time jobs could be changed to part-time with no, or only partial, integration into social security systems. Cuts in social expenditure should be avoided as they would impact negatively on the care economy – a female dominated sector – worsening women's domestic and care-giving responsibilities. Increased investment in education, health services and care for children and the elderly could reduce the pressure on women to do unpaid domestic work and would improve their access to the job market.

There had been progress on the gender issue in almost all countries and everything possible should be done to avoid the economic crisis leading to a backlash. When stimulus packages were adopted, the situation of women needed to be taken into consideration. Equality and the chance for women to participate fully in society was important for society as a whole, and economic activity was a crucial means by which poor women in particular could gain access to the public domain and become empowered to take new roles.

The vast majority of women in sub-Saharan Africa and South Asia worked in the agricultural sector. Rural development, investment in agricultural infrastructure and education would not only empower those women but increase their productivity and strengthen their economic opportunities. Microfinance helped many of the poor to increase their incomes through self-employment and women were the main beneficiaries of it; it was important that access to microfinance credits did not decline in those regions. The impact of the financial crisis on migrant women was also a matter of concern, especially those working in the care economy and in households in developed countries. Job losses and a decrease in remittances to their home countries would mean economic hardship for their families and could lead to women becoming more vulnerable to trafficking.

Gender equality should be a key principle in any policy response. As the ILO had stated in its 2009 report on Global Employment Trends for Women, the effects of the crisis had gone beyond women in the world of work and impacted on the overall stability of society. Therefore, policy responses should help to offset the unequal social and economic burden on women.

One of the most important tools for gender equality was gender budgeting, which had been introduced in Austria at the local, regional and national level. Gender-sensitive budgeting was already being taken into account in the 2009-2010 budget and the Austrian parliament's calls for tender had to abide by gender mainstreaming regulations. The gender budgeting obligation also applied to the budget for development. Parliamentarians could play a crucial role in enhancing gender mainstreaming and should encourage an increase in antidiscrimination programmes. They could encourage all countries to ratify the Convention on the Elimination of all forms of Discrimination, the ILO conventions on equality and relevant regional directives such as those of the European Union.

Whether the financial crisis would have been less devastating if more women had been involved in the decision-making processes was an interesting question; but more women were certainly necessary in economic and political decision-making. Women had the right to be represented by women if they so chose, as women represented women's issues more actively and had first-hand experience of the problems they encountered. She also favoured the type of quota system used in Norway where, following the introduction of legislation, women's representation on corporate boards had risen from 3 per cent in1993 to 43 per cent in 2008.

The crisis posed a challenge to all parliamentarians, who had a duty to do everything they could to prevent mass unemployment and pauperisation and to minimize the impact of the crisis on the quality of democratic processes. Attracting more women to politics, science, economics and other social fields would be a means to create a more democratic and more just world.

Ms. S. TIOULONG (Cambodia) said that women, especially in poor countries, were a vulnerable group that had been most affected by the economic downturn. Yet even in rich countries, women had been systematically marginalised in political systems and economic structures. If the economic crisis had one point in common between the rich and the poor countries, it was the sidelining of women. All parliamentarians should work together to help to decrease the gap between men and women.

There had been much discussion in the meetings on the preceding day on the systemic nature of the global crisis and the role played by the financial and regulatory systems; but the marginalisation of women in economic terms was also systemic. If the crisis were to provide new opportunities, she hoped that they would be in helping to close the gap between men and women; parliamentarians could play a role in encouraging positive discrimination and ensuring that national recovery packages created political and social structures that were more open to women. A world in which women had an equal share might be more harmonious and less fraught with crises.

Mr. S. YAMEOGO (Burkina Faso) said that the impact of the financial crisis in many developing countries had been felt most keenly by the disadvantaged and especially by women. In April, the parliament of Burkina Faso had introduced a quota system, after consultation with civil society and traditional authorities, which required that women made up at least 30 per cent of candidate lists for national and local elections. Political parties had been given financial incentives to implement the quotas. Although there were social and cultural barriers to change in Burkina Faso and in a good number of developed countries too, parity could be achieved over time.

Mrs. M. PERCOVICH (Uruguay) said that that vulnerability and poverty would increase as a result of the financial crisis. Women were the providers of social care for children, adolescents and all the vulnerable members of the family and their central role in society should be taken into consideration in formulating national and international policy. Unpaid work by women was often invisible yet studies had shown that it made a significant contribution not only to social wellbeing, but also to GDP; therefore it should be taken into account in poverty reduction strategies.

Ms. B. PRAMMER, Speaker of the National Council of Austria, responding to comments, said that she fully agreed with previous speakers. It was not acceptable that the financial crisis should cause a backlash in women's issues and everything should be done to avoid it. The representative of Cambodia had referred to the marginalisation of women and she believed that was the most important issue facing women in both developed and developing countries. In Austria, for instance, 80 per cent of poor people were women, yet it was difficult to convince policy makers that special measures were needed to help them to cope with the financial crisis, even though unemployment was rising among women. Given the links between poverty and violence, combating violence against women and children would also mean combating poverty.

The IPU PRESIDENT said that the promotion of equal opportunities for women was an area crying out for political will and creative social engineering in order to create a just human society. He recalled the major United Nations-sponsored conferences in which the role of women in development and the political process had been highlighted, from the Rio Conference on climate and the environment, the Cairo International Conference on Population and Development in 1994 and, in particular, the World Conference on Women in 1995, leading to the launching of the Millennium Development Goals at the United Nations General Assembly in 2000 and the 2001 United Nations initiative on financing for development. The example of Norway was commendable but, regrettably, it was still the exception.

THEME 2: REFORM OF THE INTERNATIONAL FINANCIAL SYSTEM

Interactive panel discussion
ACHIEVING FINANCIAL STABILITY

Mr. J.K. SUNDARAM, Assistant Secretary General for Economic Development, United Nations Department of Economic and Social Affairs*,* illustrating his remarks with slides, said that he would first identify the challenges arising from the financial, economic and social crisis. The crisis had not been completely unexpected: the United Nations, UNCTAD and the Bank for International Settlements had all warned of fragilities in the system, but those warnings had been largely ignored. The international system had not been incapable of recognizing existing vulnerabilities and so some of the repercussions of the crisis could well have been prevented or reduced.

At the core of the problem were what might be termed unsustainable imbalances, which had originated in a system inherited from a colonial past and which did not belong in the 21st century. The world needed to develop an international monetary and financial system that was more equitable, more inclusive, and more supportive of sustainable development.

For over a decade, the need for a new international financial architecture had been acknowledged; President Bill Clinton had spoken of it in 1998. The current system had developed in an ad hoc fashion since 1971 and it needed to be rationalized and completely re-thought. In the preceding three decades, the world been influenced by the growth of an ideology that favoured deregulation, self-regulation and, particularly for developing countries, capital account liberalization. The ideology had been promoted by institutions, which had no mandate to promote capital account liberalization. The ideology was fairly recent in origin and it was currently being severely challenged.

It was important to recognize that financial globalization had not contributed to growth, but it had undermined stability. Greater volatility and instability had manifested itself in the greater frequency of financial crises over the preceding two-and-a-half decades.

It was clear from the chart presented that, since 1980, financial globalization had been far more significant than trade globalization. Yet real investments, which contributed to growth, had slightly declined over time, contrary to the claims of the advocates of financial liberalization. It had been widely supposed that financial globalization would bring benefits, in the form of capital flows from the capital rich countries to the capital poor, yet what had actually occurred had been a net flow of funds from the capital poor to the rich. It was an ironic situation that the United States, certainly not the poorest country in the world, was the largest borrower. Neither had the cost of funds declined - despite financial deepening - a fact that was also contrary to the claims of the proponents of financial globalization. In summary, there had been greater volatility, lower growth and instability.

Short-term flows of capital were especially problematic, particularly for small and developing countries. They did not contribute to investment or growth; they contributed instead to asset-price and other related bubbles. In some countries, they had contributed to consumer binges. There had also been situations where over-investment had taken place, leading to tremendous excess capacity and making recovery from the current situation all the more difficult.

Thus the financial system could be described as pro-cyclical: in other words, it did not serve to moderate the cycles it experienced. There were three main vectors for the spread of the crisis: through the financial sector; then through the financial sector to the real economy; and finally within the real economy itself. The crisis had led to a deflationary spiral, which had many consequences, particularly for the financial markets and the collapse of asset markets.

Although developing countries had not been involved in the sub-prime mortgage debacle, stock markets in developing countries had collapsed far more than those in mature markets. There had also been a significant reversal of capital flows, and the costs of borrowing had increased tremendously as a consequence. It was true that financial positions in some countries had been made stronger as a result of the Asian and Latin American crises of the 1990s, but those positions were very vulnerable and might soon be reversed.

The social impacts of the crisis were huge. The ILO expected 200 million more working people to become poor; 51 million more people were expected to become unemployed, government social spending was at great risk for various reasons, there was growing social and political unrest and the crisis represented the greatest security risk both globally and to the United States.

Concerning the agenda for financial reform, it should be recognized that there was no institution that could bring about financial reform at the global level. Therefore, financial reform would be likely to be carried out at the national level. It would be important to re-think the role of banks, with perhaps the core banks in national systems coming under state control, as Willem Buiter had recently suggested[1]; the purpose of nationalization would not be to save the banks, but to prevent the dire consequences for the economic system of allowing banks to dominate through their short-termism. The role of stock markets in raising capital had also been found wanting. There was a need for more comprehensive financial regulation, to avoid excessive risk and introduce a systemic reporting process.

The financial system put in place after the Second World War had been intended to be developmental. The current discussions of the G8 and the G20 were focussed mainly on financial stabilization and not enough attention had been paid to the developmental and inclusive aspects. The Stiglitz Commission had made a number of recommendations for reforms, one of the most important for developing countries being the need for policy space and the pursuit of countercyclical policies. There was also a lack of coherence between trade and finance policies. Financial support measures needed to be much more globally

[1] http://blogs.ft.com/maverecon/2009/05/whats-left-of-central-bank-independence/

coordinated than they had been in the past. The Commission had made recommendations for systemic reforms; China had raised the possibility of a new global reserve currency with expanded SDRs. The Bretton Woods and other financial institutions required reform and more balanced surveillance systems should be put in place. The Commission had also recommended that central banks should promote development much more consciously than they had done in the past. There was a need for more sustainable development finance. The development agenda had been very much part of the Bretton Woods outcome in 1944, when the international financial institutions had been envisaged under the tutelage of the United Nations. Unfortunately, they had not remained so, and the basis of the Bretton Woods institutions had thus been somewhat undermined. Growth, employment creation and development were as important as stability. The United Nations Conference on the World Financial and Economic Crisis, due to be held in June, would be an opportunity to begin to draft a new financial architecture along the lines he had described.

Mr. G. HAARDE, former Prime Minister of Iceland, recalling his long association with the IPU, said that Iceland was currently a recipient of financial assistance from the IMF; he could therefore present a case study of the first country to fall victim to the global financial crisis. He could trace the origins of the crisis to September 2008: he had been attending the United Nations General Assembly in New York when he had received an urgent telephone call from the Governor of the National Bank asking him to return home to attend to very pressing business. Since that time, he and other members of the Government of Iceland had done nothing else but cope with the consequences of the financial crisis and its economic and political consequences.

Reviewing some of the main events and lessons learned from the crisis, he said that Iceland had had three large banks at the time of the collapse, two of which were privatised. The banks were considered to be sound and responsible institutions although they had grown very rapidly to represent more than ten times than the GDP of the economy which, with the benefit of hindsight, had not been a good idea. The banks, which had been highly rated by the credit ratings agencies, had experienced some difficulties throughout 2008, but assurances had been given that they would be able to finance themselves in the markets through 2009 and there was no reason to worry. The big blow had come after the fall of Lehman Brothers on 15 September 2008, but it had not seeped through the system until the end of the month. After the fall of Lehman Brothers, there had been a complete freeze in the international markets and Icelandic banks had been unable to obtain the financing that they needed; the banks had ended up in a default situation and the Government had been obliged to take drastic action domestically to save them.

The immediate cause of the collapse had been the international financial hurricane, but there had also been domestic causes related to the banks themselves: they had been far too aggressive in their banking practices and far too risk seeking. Once the situation had been assessed, it had become clear that neither the Government nor the Central Bank of Iceland were able to bail out the banks or take over their responsibilities towards creditors. The banks had taken advantage of an abundance of cheap money for several years. They had been operating in the same regulatory framework as the rest of the European Union; Iceland, as a member of the European Economic Area, had adopted the same rules and regulations as the rest of the European Union.

In response to the crisis, the Government had passed emergency legislation on 6 October 2008 splitting up the banks into old banks and new banks to make sure that the domestic banking system was saved. The split had been successful and for individual savers and businesses there was no noticeable change. The problems occurred on the foreign side, where external creditors of the Icelandic banks had clearly felt the effects. Since that time, Iceland had been engaged in a process of reassessing all the assets of its banks after which they would be recapitalized as state-owned banks. The old banks with foreign creditors were in the process of negotiating with those creditors and trying to maximise the value of their assets in order to meet their claims.

Since the collapse, progress had been made and he was optimistic that matters would be resolved more amicably with foreign creditors. The old banks were in the hands of receivership committees that would deal with those problems. At the time, it had been difficult to see all the events clearly although a few moths after the event, it was easier to gain a better view. Financial crises had a tendency to move very quickly into the real economy and that had been the case in Iceland, prompting the Government to seek help from the IMF and agree a programme that would guide it through the calamitous events.

GDP in Iceland was forecast to fall 10 per cent in 2009 due to the financial crisis. According to IMF forecasts, GDP in other European countries would fall by 4, 5 and even 6 per cent. Given Iceland's strong growth in recent years, the fall in GDP would bring the economy back to 2006 levels, at which time the country had been fairly wealthy. There had been a rise in unemployment and an inflation problem that was being brought rapidly under control; both inflation and interest rates were dropping rapidly. The Government had been almost debt-free until the crisis and therefore the level of Government debt was a matter for concern. The debt situation had been finalised very carefully with the IMF; it was felt that the debt was sustainable and that the country would be able to pull within some years.

There had also been political consequences: the country had had a stable government for some 18 years until the crisis had developed, causing a lot of political discontent and demonstrations in the streets. There had been divisions within the Cabinet on how to respond to the situation. The Government had fallen in January 2009 and a new Government had been formed some two weeks previously. The Government of Iceland could be said to be the first to be a casualty of the financial crisis.

There were also international dimensions to the crisis, as the Icelandic banks had become active in deposit taking overseas, particularly in the United Kingdom and in the Netherlands. There had been concern that the Icelandic Government would not be able to fulfil its responsibilities with regard to deposit insurance. The concerns had been legitimate and they should have been dealt with in a civilised manner between the Governments. The Government of the United Kingdom, in a rash and irrational manner, had not only taken over the London subsidiaries of Icelandic banks but had imposed sanctions based on anti-terrorism legislation against the Icelandic Government and its Central Bank and against one of the commercial banks involved in the case. The response had been out of proportion and unnecessary and it had also done a lot of damage to Icelandic interests, instead of helping to maximise the value of Icelandic assets in order for the banks to make payments falling due. The action had led to a deterioration in the value of the assets; it had made the situation worse and it had not helped the position of United Kingdom depositors. The situation had still not been resolved, although a committee of the United Kingdom Parliament had issued a report stating that it was unwarranted to place Landsbanki Bank on a list with terrorists and prohibited regimes. The actions of Prime Minister Gordon Brown had been incomprehensible. The attempts to seek agreement on issues with the Governments of the United Kingdom and the Netherlands had been one of the most severely complicated aspects of the crisis. It was hoped that the majority of the obligations of the Landsbanki Bank, as well as the obligations of Kaupthing Bank in Germany and other countries, would be met.

Iceland had perhaps been the first victim but, it was hoped, it would also be the first to pull out of the crisis. The Government had set up mechanisms to help the economy with the assistance and cooperation of the IMF, which had set up an office in Reykjavik. It was his prediction that Iceland could return to positive economic growth by the middle of 2010, with falling unemployment.

A key lesson Iceland had learned was that, as a small and open economy, it should not try to become an international financial centre as that would involve too much risk. There was also serious thinking to be done about whether Iceland should have its own currency; he believed that would be possible if the country had a closed economy, but not if it wished to remain open to capital outflows and inflows. A number of very good suggestions had been put forward at the current conference, including the need for increased international regulation and supervision of both financial institutions and the credit ratings agencies. The agencies had been completely discredited after having given triple-A ratings to hedge funds and to Icelandic banks.

On the topic of deposit insurance, under the European directive dealing with that matter, deposits could be moved freely across borders and deposits could be taken anywhere in the European Economic Area, but the insurance was the responsibility of the home country. He would prefer the system to be reformed so that there was a joint insurance scheme for the Area. Cross-border tax evasion was also an issue that Governments had shown an interest in. All Governments should be represented in forums where the new international regulatory regime would be worked out.

Mr. P. OQUIST, Senior Advisor for Financial and Economic Affairs to the President of the United Nations General Assembly, said that, as Mr. Sundaram had pointed out, treatment of the financial crisis had been at the national level. The response at the international level had been weak and had not dealt with the structural and systemic causes of the crisis; those issues would be addressed by a United Nations conference on the world financial and economic crisis and its impact on development to be held in June. It would be the second international conference of its kind, the first having been held in Bretton Woods in 1944.

The monetary and financial system designed at Bretton Woods had been discontinued in 1971-73 since when there had been a period of improvisation. There were calls for reform of the Bretton Woods institutions at the present time. The conference would not close, rather, once Heads of State or Government had indicated the lines they wished to pursue, technical working groups would be formed to produce actionable proposals. Subsequently, ministerial meetings were planned, the first of which would be in September, and a Heads of State meeting would be held during the Sixty-fourth General Assembly. The Presidential Commission of Experts, headed by Professor Stiglitz, would be asked to continue his work as would the President and staff dedicated to the conference. Thus continuity was planned into the process until its culmination.

The proposed outcome document for the conference would be a declaration by Heads of State or Government on their determination to take coordinated action in response to the global crisis, including restructuring the world financial and economic system and architecture to achieve a more equitable, balanced, stable and sustainable socioeconomic model. There would be recognition of the need to deal with the combined crises which concerned ethical, environmental, financial and economic issues; food and energy; the market and state remix; and the political and institutional issues that challenged civilization.

The objective was to move from the anti-values of greed and exclusion to solidarity, the common good and inclusion, seeking a people-centred economy that balanced human needs, human rights and human security and that took into account all that was necessary to preserve life on earth. The values should underpin the moral and ethical responsibility of the stewardship of the earth for all living things and for future generations. The prevailing economic system concentrated on income, wealth and power through cyclical booms and busts and it was prone to periodic instability.

Research had shown that volatility was particularly acute when financial capital became hegemonic; financial services profits as a percentage of total corporate profits had been 6 per cent in the 1980s but had risen to 40 per cent by the year 2007. Financial services had provided a centre of accumulation that had led to the growth of the virtual financial markets to six times the real world economy. The speculation on food and energy experienced in 2006 and 2007 should be prohibited. There needed to be a balance between the markets and state control of market forces. Without regulation, the markets could destroy the environment; concentrate income, wealth and power; increase inequality and lead to eventual financial crashes of the kind currently experienced.

The statement would point out the need for effective global institutions; the United Nations General Assembly could be the rule-making body for that process. Governments should avoid protectionist measures; financial subsidies and bailouts could be just as detrimental to the efficiency of a free and fair trading system as terrorism. Proposals to adjust the situation would include a global stimulus for restructuring and survival that would be less prone to the protectionist tendencies of national solutions, with interventions that prevented and mitigated the effects of global warming, reversed loss of habitats and mass extinctions and dealt with reforestation and water, anti-desertification and anti-pollution programmes and reduced unsuitable demand on the world’s resources. There would be a vast expansion of agriculture to contribute to global food security and poverty reduction. Clean energy development was essential, and thus it should take place regardless of its profitability. The bad habit of never funding sufficiently the solution to any major problem must be overcome as that led to multiple unresolved problems and multiple crises.

The remainder of the elements of the conference document which would become available later that day were: a proposal to source the finance for restructuring and survival, estimated to be an annual sum of US$ 3 trillion, or 5 per cent of world GDP, through special drawing rights (SDRs); through IMF and World Bank funding without conditions; through regional sources of liquidity, which would become more important (the world would come out of the current crisis more regionalised and less globalised than it had gone into it and the Chiang Mai initiative, which had already collected US$ 125 billion was an example of that), and through a new global stimulus fund that would use intermediation between surplus and recipient countries - currently there was a reluctance on the part of developing countries to use the IMF due to its conditionalities. Innovative sources of funding gathered over the years could be reviewed and called upon: examples were global public goods and global taxation. Official development assistance was absolutely necessary as was trade stimulation and debt relief. The dangers of a single country reserve system had long been recognized and a new global reserve system should be considered. There was a proposal that special drawing rights of US$ 1 trillion should be introduced for the period of the crisis to increase liquidity that would be distributed not on the basis of IMF quotas but on the basis of effectiveness and increasing global aggregate demand.

Finally, the world could not continue to globalize without having global institutions, and it was proposed that the United Nations General Assembly should be the body through which those needs were articulated at the global level. Other global institutions would be the global stimulus fund; global public goods authorities for seas, space and cyberspace; perhaps a global tax authority; a global financial products safety commission; global financial regulatory and global competition authorities; a global council of financial and economic advisers; a global economic coordination council to permanently give independent surveillance and scrutinize the world economy; and possibly, a world monetary board.

Mr. A. VLAHOVIC (Serbia) said that, although the less developed and developing countries had not caused the global crisis, it was clear that they would be the most affected by it because they did not have sufficient financial resources to prevent falling production and employment and because there would be reduced export opportunities to the markets of developed countries. The downturn had arrived late in Serbia because the financial system there was well designed; it had skipped the first phase of the crisis because its commercial banks did not hold toxic assets and the central bank of Serbia had secured the stability of banking operations. However, the crisis had manifested itself in the real economy, causing the Government to seek help from the IMF. The Fund had provided Serbia with a € 3 billion standby facility and the World Bank and the European Union had provided additional assets to support fiscal stability.

Serbia's antirecession plan was a combination of a reduction in public spending, maximizing savings, maintaining macroeconomic stability and keeping inflation at a single-digit level. There was also a set of measures to stimulate economic activity and employment that comprised: a reduction of state administration costs by $1 billion; social responsibility and protection of the population's standard of living; an incentive package for economic activities and employment; subsidizing consumer credit; and heavy investment in transport infrastructure. External liquidity would be critical to the recovery of developing countries and Serbia was doing everything possible to attract foreign direct investment. Continuation of structural reform was vitally important for the long-term goal of a self-sustainable economy; Serbia was planning even more aggressive activities in that area. Finally, given that the crisis had stemmed from the financial sector, the state role as an equity partner in the private sector should be limited. Instead, the state should focus on regulation of the financial sector.

Mr. ZHA PEIXIN (China) said that, at the G20 summit, leaders had reached a series of agreements, on issues such as increasing resources to the IMF and strengthening financial regulation and supervision, in order to jointly tackle the financial and economic crisis. Efforts should be made to intensify the consensus reached and to work for a fair, inclusive and well-managed world financial order in a comprehensive, balanced and incremental manner, with emphasis placed on concrete results. It would be particularly important to work in the following areas: strengthening cooperation on financial regulation, formulating as soon as possible universally accepted standards and norms; improving codes of conduct and regulatory regimes for ratings agencies; establishing an early warning mechanism that covered the whole world and major international financial centres in particular.

International and regional financial systems should give more help to developing countries; China was willing to make its due contribution to the IMF. The IMF should combine quota-based contributions with voluntary contributions and new contributions should be used first and foremost to meet the needs of the least developed countries. The G20 leaders had agreed that the Financial Stability Forum should play a bigger role, expand its membership and be upgraded to become a Financial Stability Board. More practical proposals should be received from the FSB.

The IMF should strengthen and improve its oversight of the macroeconomic policies of major economies, in particular major reserve issuing economies, with a particular focus on currency reserve issuing policies. The timetable and roadmap for improvement of the governance structure of the World Bank and the IMF, which had been agreed at the London summit, should include representation from the developing countries. The international monetary system and the mechanism for issuing reserve currencies should be improved and a more diverse monetary system developed.

Lord PAUL (United Kingdom) said that the financial and economic crisis had occurred because of the failure of financial institutions to act appropriately. It was unfortunate that some financial institutions had become so big that governments had had no option but to bail them out: the best remedy would have been for them to be allowed to go bankrupt rather than rewarding the very people who had caused the chaos.

The British Prime Minister had been raising the issue of international regulation for many years and it was to be hoped that issue would be taken seriously. The role of the credit ratings agencies should also be examined. The responsibility of auditors should be reviewed as, currently, they were only responsible to the institution they were auditing, but the public depended on the auditors’ reports to know whether a financial institution was safe.

China had done a remarkable job in maintaining its economy in spite of the recession; it was a developing country that had embraced reform and had stuck to a very conservative programme of maintaining a very high level of deposits and balance of payments. Some emerging economies that were reliant on exporting to the United States of America had suffered considerably. It was time that developing countries concentrated on regional trade so that they were less dependent on exports to a single country.

Mr. A.F. SOROUR (Egypt) said that he wished to underline the interdependence of economic and financial systems and international security. The current crisis was very harmful to many states because it contributed to rising poverty, prejudice and crime. Despite calls from the United Nations, developed countries had not assisted developing countries as they should have done, sometimes for political reasons. The current economic crisis was also a human crisis and it would become one of international security. The G5 world’s largest nations, which were responsible for causing the crisis, had reaped the benefits of globalization without adopting its spirit. The response to the crisis should focus on more effective development aid and on completely changing the international free market system; he feared that the current system would fail. It was not only the world economy that was in danger, but international security.

Mr. A.J.E. KHALIL (Bahrain) agreed that the Bretton Woods institutions should review their policies. Politicians should adopt more transparency in their financial policies, which should be geared towards fulfilling the Millennium Development Goals rather than spending on armaments. He sought clarity from the former Prime Minister of Iceland on what had been said between his Government and that of the United Kingdom at the time the Icelandic banks had failed. It was his understanding that the Government of Iceland had given guarantees only to Icelandic savers and had not given guarantees for depositors in the United Kingdom; in hindsight, perhaps that decision had been a mistake as it had led the United Kingdom to confiscate the assets of Icelandic banks. Credit ratings agencies had given triple-A ratings to Icelandic banks even though those ratings were inaccurate.

Mr. O. BILORUS (Ukraine) said that the current global crisis was the first in a new world economic system based on uncontrolled and forced globalization. It was based on the monopoly of the financial sector, on global over-consumption of financial resources, gambling and speculation in world markets, the total dollarization of economies and over-monetarisation in many countries. Globalization was irreversible and it was a system of permanent crisis.

He fully endorsed the proposal to create a United Nations council to deal with economic and social security. A new global and financial management system should also be put in place based on the principle of development security for all nations. It was to be hoped that the so-called second international economic conference would produce a new, integrated global strategy for development based on global solidarity and an international regulatory system.

Mr. I.A. BILOUR (Pakistan) said that the current crisis was a financial, economic and social crisis. The developed countries might have mitigated the impact of the crisis on their own economies due to their financial resources, but they had not helped the developing countries. Men who suffered from hunger and whose children were dying would turn to terrorism, thereby exacerbating that crisis. A ban on food price speculation should include most specifically a ban on speculation on the price of edible oil. He agreed with those speakers who had pointed out that, while the IMF placed conditionalities on developing countries, they had not been imposed on developed countries.

Mr. J.O. ENOCH (Nigeria) said that the IMF would need fundamental reforms if it were not to repeat the failed experiments that had characterised policy making and which had rolled back development in most developing countries for over two decades. Developing countries would need to present a coordinated response in international forums to push the agenda for better representation in the work of that financial institution. There would need to be sound regulation, more transparency and accountability, as well as governance reforms before new resources were committed. National policy makers should seek to regulate the markets in order to defend their economies from speculation and external shocks. Establishing multilateral action against the negative impact of international commodity price fluctuations on sustainable development should be a priority. The requirement for commodity price stability and fair remuneration to producing countries provided an opportunity for all stakeholders to address the deficits and imbalances of the global financial crisis.

Mr. C. AGORASTOS (Greece) said that the financial crisis had highlighted weaknesses in the world's supervisory framework, which remained fragmented along national lines despite the progress achieved in financial market integration and the increased importance of cross-border financial groups. As financial institutions and markets became more global, national supervisors were faced with the challenge of how to supervise risks, which extended across borders. In addition, the number of supervisory authorities involved made supervising internationally active groups a complex matter. The crisis had shown fundamental failures in the assessment of risk both by financial firms and their regulators and, more specifically, the failure to verify the leverage of institutions, which had led to an overestimation of the ability of firms to manage their own risks and an underestimation of the amount of capital they should hold. The situation had been aggravated by a lack of transparency in segments of the financial markets.

Overall, there had been too much focus by regulators on micro-prudential supervision of individual institutions and insufficient focus on the macro-systemic risks of contagion. Strong competition between international financial centres had made supervisors reluctant to take unilateral action. Finally, while the build up of imbalances and risks had been widely acknowledged, early warning systems had had little impact in terms of coordinated action. The Greek authorities fully acknowledged the need for effective micro-prudential supervision and for a robust and competitive financial system based on restored trust in the financial institutions and markets.

Mr. J. BIZET (France) wished to ask Mr. Sundaram whether he had the impression, after the example of the Gleneagles summit, that the G20 summit had been yet another public relations exercise or whether he believed that a new era of regulation had arrived. He believed that the financial instruments that had caused the financial crisis through increased risk should be banned as they were of no social benefit to developing countries. WTO agreements did not appear to be at the core of recovery. He also wished to learn Mr. Sundaram's views on the failure of the United States to create a 'bad bank' as Germany had done.

Mr. V.H. MORALES (Venezuela) said that one way for developing countries to confront the crisis was to pool efforts to find solutions; a group of countries in Latin America had developed a regional solution by creating a bloc currency, the 'sucre'. In addition to the economic questions, the less-developed countries would also need to work towards peace; currently, billions of US dollars were being wasted on weapons and invading other countries rather than on finding solutions. Respect for the sovereignty of countries would be paramount.

Mr. F. TARAWNEH (Jordan) said that the global financial crisis was like a pandemic that had started in one country and spread around the world. The least developed countries were the recipients of the crisis and not its creators. The rich could afford remedies for the crises but even for them it would take a long time. Many developing countries such as his own, when dealing with the IMF, had been told to deregulate and to introduce fiscal and monetary reforms while, in response to the present crisis, developed countries had not. The meeting of the G20 was a good beginning, but it was not enough: the Bretton Woods institutions should be reformed and the conditionalities revisited.

Mr. K. BAMNANTE (Togo), recalling a recent and failed political coup in his country, said that parliamentarians were also responsible for upholding the stability of institutions at times of national crisis. In many developing countries, political stability was essential and a prerequisite for financial recovery.

Mr. H. ALSHEHRI (Saudi Arabia) said that he agreed with the majority of the suggestions put forward to deal with the global financial crisis. The Bretton Woods institutions had been set up some 65 years previously under very different economic conditions than those of the present; it was timely that their roles should be reviewed. His country sponsored a number of recovery projects in developing countries. He urged donor countries not to use the crisis as an excuse to cut aid to developing countries. Saudi Arabia had increased its donations to the World Food Programme.

Mr. G. HAARDE, former Prime Minister of Iceland, responding to the question from the representative of Bahrain on the relationship between the United Kingdom and Iceland at the time of the collapse of the Icelandic banks, said that his Government had not discriminated against United Kingdom depositors. The Icelandic Government had guaranteed the funds of all those who had deposits in banks in Iceland without discrimination. That declaration of intent had been necessary in order to save the domestic banking system and was a separate matter from that of guarantees for overseas depositors. There had never been any indication from the

Icelandic Government that it would not cover the minimum insurance guarantee for overseas depositors in accordance with the relevant European Union Directive. He still did not understand the action taken by the United Kingdom Government in October 2008. The Icelandic Parliament was conducting an investigation into the events surrounding the banking collapse and whether any other action could be taken.

Mr. J.K. SUNDARAM, Assistant Secretary General for Economic Development, United Nations Department of Economic and Social Affairs, responding to the question on whether the G20 summit had been just another public relations exercise, said that there appeared to be a far greater appetite for regulation in continental Europe than in the United Kingdom or the United States and greater efforts to reach consensus on the issue would need to be made. In the absence of any agreement on regulation, countries might compete to attract financial investment and to deregulate, undermining existing regulations.

In order for the Doha Round to be completed, it would be crucial for the development promise of 2001 to be revived. There was very little that was developmental about the Doha Round at the present time and that explained the reluctance of developing countries to conclude the Doha Round. However, existing WTO commitments were adequate in terms of ensuring that growing protectionism did not occur, although they did not prevent protectionist initiatives by Governments and concluding the Doha Round would not prevent protectionism.

On the question of whether the United States should have a 'bad bank', Alan Greenspan had also talked about the possibility of nationalisation. The question of how the banks were to be saved had progressed in recent months. Willem Buiter had suggested that it might be best to have a nationalised core of the banking system that was not oriented towards short-term profitability. The process to create a more stable banking system would take time: the Bretton Woods institutions had taken some 15 years to develop and the conference itself had lasted almost one month. Most importantly, a legitimate and inclusive process to build a new banking system had begun.

Friday, 8 May 2009
(Afternoon)

Thematic debate
PRINCIPLES OF THE REFORM: TOWARDS A NEW BRETTON WOODS?

Mr. J. KREGEL, Chief Rapporteur, Commission of Experts of the President of the UN General Assembly on the Reform of the International Monetary and Financial System, illustrating his remarks with slides, said that the Commission had produced a document containing principles and recommendations that had been discussed at a United Nations General Assembly interactive thematic dialogue in March. The Commission's report was being finalized in time for the United Nations high-level conference on the world financial and economic crisis to be held in June.

The Commission had worked on a roadmap for possible reform of the Bretton Woods institutions. The purpose of the original Bretton Woods discussions had been to prevent a recurrence of the breakdown in world trade and the unsustainable debt burdens of the inter-war period. During that period, which had been characterised by extreme instability in exchange rates, countries had used beggar-my-neighbour policies to gain advantage in international trade. The Bretton Woods conference had aimed to produce a financial framework that would support the desired return to financial stability with a fair, multilateral, international trading system that was underpinned by stable but adjustable exchange rates.

The present situation had not been caused by a period of inter-war instability but by a set of unstable conditions arising from deregulation and liberalization of the financial systems of developed countries. The financial crisis had moved very quickly to the rest of the industrialized world, eventually creating financial instability in emerging market and developing economies and then in the real productive system, which had been illustrated by a very rapid decline in GDP in the developed countries and a subsequent decline in world trade. The decline in world trade had had a very negative impact on the least developed countries.

The crisis was therefore global in nature, having emanated from difficulties in the financial systems in developed countries. Therefore, the first objective of the Commission had been to examine the reforms that would be necessary in both domestic financial systems and in the international financial system in order to prevent the repetition of a similar crisis. The second objective, given the very large role played by the emerging economies and the least developed countries in globalization and in the dissemination of the crisis, was to examine how reform of the domestic and international financial systems could support developing countries in meeting their development objectives, in particular the Millennium Development Goals.

The purpose of the Commission's recommendations was to enable the global economy to emerge from the existing crisis and provide the groundwork for the medium- and longer-term structural changes required in order to produce a more stable system for both industrialized and developing countries. The first of the short-term approaches would be to develop domestic stimulus policies and to analyse stimulus policies from a global perspective. Stimulus packages should come first from those countries with the strongest external positions in order not to further aggravate existing international imbalances in trade and finance. Those surplus countries, such as China and Japan, had been very active in promoting policies to expand their domestic economies.

Expansionary policies should also be global as, if the stimulus were only domestic, then a large proportion of it would leak abroad; the recovery would require all countries to engage in stimulus packages at the same time, as that would increase the positive impact of any country's individual domestic policy. A basic problem for developing countries was that their ability to focus on stimulus depended on their ability to fund their external financing constraints and to borrow in order to meet the requirements of increased domestic expenditures, potential increased domestic fiscal deficits and external deficits.

Traditionally, the international financial institutions had not supported increased funding for the least developed countries for expenditures that would produce increased deficits. Indeed, the IMF had gone so far as to recommend that countries that had difficulties with their internal and external accounts should not implement stimulus policies. Therefore, one of the Commission's first recommendations had been that lending for counter-cyclical policies that helped countries to emerge from the crisis should be looked on in a different way from traditional financing of developing countries, whether it was financing from Official Development Assistance or from international financial institutions. If funding was not available from existing institutions then a new facility should be created in order to provide financing to developing countries so that they could fund their stimulus policies.

Furthermore, if the additional funding created additional indebtedness, it should not create conditions of unsustainable debt burdens for developing countries. Therefore, mechanisms should be found either to create additional financing for counter-cyclical purposes – in the shape of grants or concessional financing – or to provide some mechanism for debt relief for developing countries that were introducing such policies. The new facility and the new financing should be considered not only from the point of view of the developing country: it was important to recognize that it increased the ability of developed countries to use their own policies to stabilize their emergence from the crisis. Additionally, a certain proportion of the stimulus policies of developed countries (a minimum of one per cent) should be allocated for expenditures made directly in developing countries. Direct expenditures would serve to provide stimulus in those countries without creating additional debt burdens; it would allow them to earn their way towards financing their own domestic stimulus policies. That proposal reflected the position articulated by UNCTAD, that developing countries should be allowed to earn their way towards their own development.

Turning to the second recommendation, he said that, in times of crisis, it was natural for countries to build reserves in response to uncertain conditions. Nevertheless, accumulating foreign exchange reserves meant reducing domestic expenditure and in the particular context of international reserves, it meant accumulating US dollars and thus aggravating international imbalances. Therefore, the second proposal was for a new international reserve currency that would provide a defensive mechanism for developing countries while allowing them to continue their positive stimulus policies, which would be financed by the new facility.

The third major institutional recommendation was that, since the crisis was global and required all countries to introduce stimulus policies, a more formal approach to global policy coordination would be required. The proposal would be to create a global policy coordination council within the auspices of the United Nations that would examine the compatibility and coordination of individual stimulus policies as well as assessing the policies in individual countries over the longer term, thus contributing to a sustainable financial system and sustainable policies.

One of the difficulties of the current reform proposal was that it had been primarily carried out within the auspices of the G20, an institution that represented industrialized countries and a selected group of emerging market and developing countries. However, the current international financial and trading system was based on the concept of globalization, in which developing countries played a crucial and increasingly important role. Therefore, developing countries should have a say in how the system was to be reformed. The process did not need to involve all 192 countries of the United Nations, but it was crucially important that the body entrusted with reform and continued coordination of the financial and economic system should be democratically representative of both developed and developing countries. All of the Commission's recommendations would be available in its final report.

Mr. J. OCAMPO, Professor at Columbia University, former United Nations Under-Secretary General for Economic and Social Affairs, focusing on the substantive reforms proposed by the Commission, said that the idea had been put forward to create a global reserve currency which would operate either within the framework of the IMF or that of a new institution. The proposal had been made in order to overcome the dependency on one national currency - the United States dollar -which had given rise to problems for the international financial system and for the United States itself. Logic dictated that a global currency should be managed through an international system rather than through the monetary policy of the country issuing the currency. The proposal was to issue an international currency whose sole purpose would be to act as a reserve currency that could be used for payments between central banks but which would not function as a currency for international payments; the international payments system would continue to use national and regional convertible currencies such as the euro.

The second problem to overcome was that developing countries were treated unfairly within the current system. In a world lacking collective security, the sole defence of developing countries had been to build international currency reserves. Therefore, while international currency reserves in developing countries had represented 3 or 4 per cent of GDP in 1990, a proportion similar to that in industrialized countries, currently, they represented some 24 per cent of GDP (excluding China). On the other hand, industrialized countries, with the exception of Japan, continued to keep relatively low levels of reserves. The accumulation of reserves represented a transfer of resources from developing countries to the developed country issuing the reserve currency; they were generally invested in United States treasury bonds, which gave very low yields.

The Commission's report proposed several practical alternatives to the current system, one of which was special drawing rights (SDR), which could be allocated according to IMF quotas. Developing countries could draw down some 40 per cent of the SDR totalling US$ 150 billion and the money that was unused could be kept in the IMF in order to finance loans. It would enable the Fund to have its own financing mechanism, which it did not have at the present time.

The report dwelt at length on the international financial regulatory framework and its proposals did not differ substantially from those put forward by the G20. The report focused on more comprehensive regulation that covered activities that were currently unregulated; the new regulatory system would have a counter-cyclical component that required banks and financial institutions to build reserves that would enable them to withstand future crises. There would be emphasis on consumer protection, especially for the general public, as the information given on loans and shares had not always been transparent or easy to understand. Most importantly, there would need to be regulation of international capital flows, as they had had a devastating effect on the economies of developing countries.

A third area of reform would be the creation of an international bankruptcy court. The court would allow countries to negotiate with their creditors and in the event of disputes the court would have the authority to decide on the terms of repayment, which would then be binding. The court could be part of a regulatory framework that dealt with both public and private debt; in the recent crisis, private debt had crossed the dividing line to become national debt. The court could then prevent the nationalization or accumulation of public debt and prevent experiences such as that of the Government of Chile, which was still paying off the debts of private companies taken on by the state as a result of the Latin American debt crisis of the 1980s.

The report also made a series of proposals for cooperation on international taxation, a field lacking international agreement. Both developing and developed countries lost a great deal of revenue as a result of tax avoidance and unfair competition between different tax regimes. It was proposed that the United Nations Committee of Experts on International Cooperation in Tax Matters should be raised to the status of an intergovernmental body so that it could promote tax cooperation, act as a forum for discussion on unfair competition and help countries to collect the taxes owed to them, as tax revenues were an essential part of the development agenda and of funding for welfare systems in all countries.

Mr. M.A. ELENAN (Egypt) said that the monetary crisis had become an economic, social and humanitarian crisis. Parliamentarians should work together to enable the international community to rescue the situation. He feared that the deep pessimism engendered by the crisis would cast a shadow over prospects for reform. Lessons should be drawn from past crises.

He agreed with the Commission's report and supported the call to avoid protectionism. A new regulatory and monitoring regime was needed. Developing countries had suffered from an unfair relationship in which the provision of funding had been subject to political considerations. A more democratic system of funding should be introduced, the quota system should be reformed and developing countries should have voting rights at the IMF and the World Bank. A new international reserve currency would mean that no single currency could lead developing countries into currency drift, which had devastating effects on their economies. In addition to reform of the international financial institutions, there should be enhanced cooperation with them and with multilateral development agencies in order to assist developing countries. A rapid plan of action was needed and a mechanism should be established to manage bad debt.

Mr. K. SASI (Parliamentary Assembly of the Council of Europe) said that the risk that people would not be able to repay their debts was inherent in the financial loans system and, where there were multiple failures to repay, a crisis was bound to ensue. The markets were necessary to create a better allocation of resources and growth. Efforts could be made to introduce financial regulation and surveillance but it was inevitable that similar crises would occur in the future. If strict controls were introduced, consumers might assume that risks were low and that might encourage them to take unnecessary risks, thus sowing the seeds of another crisis.

The core of the current crisis was that people had been unable to repay their home loans, but the introduction of tighter lending rules would lead to restricted social policies and could dampen growth. At the present time, more flexible rules were needed; stricter rules could be introduced in 10 years' time, once the economy had recovered. The financial system needed more transparency, not more regulation. The bonus system had also clearly been unacceptable, as excessive remuneration encouraged people to make unwise decisions. However, in general, it was impossible to avoid financial cycles; lowering interest rates and decisions made in panic by politicians to spend huge amounts of money to no good effect, would only increase the crisis in the longer run. The current crisis had been foreseen but nothing had been done, just as nothing would be done to prevent the brewing crisis between China and the United States, as it was not sustainable for one country to accumulate huge resources and the other to accumulate huge debts.

Mr. R. LEON (Chile) said that policies should be adopted in order to prevent the currency and stock speculation that had caused the current crisis. Profound and long-lasting changes to the financial markets were needed. Ways should be found to tackle the cyclical nature of the economy. He requested that, at the forthcoming meeting at the United Nations, the IPU should put forward a proposal on how to deal with the crisis. As Mr. Ocampo had stated, Chile had suffered for many years to repay the nationalized debts of its private sector incurred in the 1980s.

Ms. K. RADITAPOLE (Lesotho) said that many speakers at the current conference had acknowledged the disproportionate effect the crisis had had on some countries and even between different sectors within a country. The poor seemed to bear the brunt of the crisis and therefore solutions should target the needs of the most vulnerable groups in society. Poverty and unemployment had reached epidemic levels in poor countries, creating fertile ground for social and political unrest and threatening the very democracy without which it would be difficult to weather the crisis. The response of financial institutions should recognize the far-reaching implications of the crisis for social justice.

The reform of the international financial and regulatory systems should be geared to helping the poor while correcting past mistakes. Fiscal stimulus packages should be used to help stop the worst effects of the crisis on the very poorest people in the world who had difficulty finding enough food for their families. In envisaging a new regulatory and monitoring system, the world should learn from the experience of the WTO, which had failed the least developed countries. Reform of the international financial institutions would allow removal of the current asymmetry in the treatment of developing countries and exert meaningful discipline over the policies of its non-borrowing members, in order to rebuild trust in the financial system. Finally, poor developing countries could ill afford some of the impacts of the structural adjustments of the 1980s, which had seen the near-collapse of their social services, public health and education. Therefore, all efforts made to mitigate the crisis should not increase those countries' indebtedness.

Mr. S. MUKITALE BIRAAHWA (Uganda) said that if the Bretton Woods institutions were to be reformed, there would have to be a deliberate and conscious departure from the current status quo whereby developing countries had taken on painful structural adjustment programmes that had forced them to deregulate and, at times, to become over-privatised. The role of the state needed to be redefined; the state should play a central role in financing of infrastructure and energy projects that would help developing countries to improve their economies. The IMF, the World Bank and the International Development Bank should reconsider the policy of rolling back the state and support public-private partnerships instead.

At a time when countries were becoming more inward looking and protectionist, when there was reduced foreign direct investment in technology transfers, reduced revenues and reduced exports, developing countries needed to develop regional markets for their core products. Unfortunately, the IMF's new international economic quota had not seemed to prioritise wealth creation for developing countries; those countries needed action, not rhetoric. He believed that the international community had sufficient resources to produce a plan, similar to the Marshall Plan, to assist developing countries. A fraction of the money spent by developed countries on wars would be needed to fund achievement of the Millennium Development Goals.

Mr. R. PURRYAG (Mauritius) said that the meeting convened by IPU had been the first to provide parliamentarians with a view of the impact of the financial crisis on developing countries. The financial crisis was providing an opportunity to tackle intractable issues such as the reform of Bretton Woods institutions. The IMF had not been able to forecast the crisis and had underestimated its impact. While the Fund had excessively kept focus on the exchange rates of the emerging countries in recent years, it had failed to monitor the advanced economies, especially those of the major reserve currency issuers. It was now time to push for reform and strengthen surveillance of those economies and of the international financial system in a balanced and effective manner, in order to avoid a replay of the crisis.

The top priority of the reform should be to address the under-representation of developing countries and emerging economies in the global financial institutions and to ensure that those institutions provided impartial treatment to all their members. Strengthening regulation and supervision would also promote the integrity and transparency of the international financial institutions and improve their ability to handle crises. Various drawbacks and malpractices existed in the current system and the crisis had highlighted the imperativeness of building a new world financial order that was fair, equitable, inclusive and well managed. Given that the laudable recommendations of the Stiglitz Commission would take some time to negotiate and put into action and that, in the meantime, the developing and least developed countries would suffer the dire effects of unemployment, declining demand, revenue shortfalls and, potentially, political instability, he wished to know what could be done in the short term to help those countries that did not have the funds to finance their own stimulus packages.

Mr. R.W. DIRDJOJUWONO (Indonesia) said that the current global financial crisis had been triggered by an absence of transparency, accountability and supervision of financial institutions and credit ratings agencies. It was critically important to maintain a robust and well-managed financial sector that fostered economic growth and financial stability. Financial and corporate restructuring should ensure that the financial sector played a full role in promoting sustainable growth and poverty alleviation. There was an urgent need for collective parliamentary action to address the crisis by raising the levels of trade and capital flows and, most importantly, establishing a new global financial architecture that represented the interests and roles of developing countries in the global economy.

Ongoing weaknesses in the financial systems and the real economy in both advanced and developing nations would continue to require strong response measures. The agreements made at the IPU Assembly in Addis Ababa challenged parliamentarians to establish a stable, fair and secure global economic system and ensure effective governance of financial systems, including regulatory measures in order to avoid future financial crises and provide accountability.

Reform of the international financial system had taken centre stage in the aftermath of the crises of the 1990s and parliamentarians had since strengthened their collective approach to promoting international financial stability. In the light of the vulnerabilities linked to volatile private capital flows, weaknesses in the banking and corporate sectors and the contagion revealed in the recent crisis, parliamentarians should support the strengthening of monitoring systems, identify vulnerabilities and help countries to develop appropriate responses to achieve genuine financial stability.

Mr. A. RABBAH (Morocco) said that parliamentarians needed to debate the political aspects of the crisis and the peace, security, democracy and social wellbeing that would be necessary in a new economic order. The current meeting had discussed structural reform of the economic and financial system and that should include re-examining the liberalized system, which did not promote plurality or quality. He wished to highlight that when developing countries had been asked to open their borders to international trade and implement fiscal policies, they had done so, yet now they suffered the effects of the international financial crisis and needed help in order not to lose the gains accumulated over the preceding decade.

A recent study had shown that developing countries were the most open and the least protectionist; the return to protectionist policies by developed countries prompted questions on how developing countries could provide security for their economies and their social sectors. Furthermore, the question of how developed countries had allowed the crisis to develop should be explored: there was clearly a need for transparency on the part of financial institutions. Emerging democracies needed support in order to attract international investment and ensure a pluralist world economy that was not just geared to the needs of the major developed nations.

Mr. M. HENDRICK (United Kingdom) said that the World Bank had reported that the global economy would shrink for the first time in 60 years and that the weakest would be hardest hit. In the following two years alone, the developing world would face a financing gap of US$ 270 billion, which would push some 53 million more people into poverty. The Overseas Development Institute had estimated that the financial crisis could cost 90 million lives and increase the number of people suffering hunger to over 1 billion. The developed world discussed stimulus packages, jobs and meeting mortgage payments, while the developing world was preoccupied with hunger, disease and death. At the London summit, US$ 250 billion had been allocated in special drawing rights (SDR) to the IMF based on a basket of currencies comprising the US dollar, the British pound, the euro, and the Japanese yen, bringing with it the same stability as that enjoyed by the European Currency Unit (ECU) and the euro. Approximately 40 per cent of the SDR would go to emerging market and developing countries and could be used to assist counter-cyclical policies to create stimulus and a sustainable debt burden for the least developed economies. He supported the proposal for a new financing mechanism outlined in the report.

Referring to the comments by Zhou Xiaochuan, Governor of the People's Bank of China, he said that it was natural that China, as the largest holder of United States financial assets, should be concerned about the potential inflationary risk of the United States Federal Reserve printing money. The outbreak of the current crisis and its spill over to the entire world reflected the weaknesses and the inherent risks in the existing international monetary system. In the past, China had had little choice but to hold the bulk of its US$ 2000 billion exchange reserves in US dollars. Investments such as China's and the surpluses from other countries placed in US treasury bonds had fuelled the housing bubble in the United States, but moving funding to the IMF or to a new financing facility would do a great deal to offset the imbalances which had built up until that point. It might take a long time to set up a new regime to help the emerging economies, but that was surely preferable to countries such as China financing bubbles in the future that would burst and cause chaos. Therefore, the approach to use surpluses to finance growth and development in the emerging and least developed countries was to be encouraged.

Mr. J. KREGEL, Chief Rapporteur, Commission of Experts of the President of the UN General Assembly on the Reform of the International Monetary and Financial System, responding to comments, said that the Commission had recommended a new financing facility in response to the dire financing prospects faced by developing countries, in particular the external financing positions of the least developed countries in Africa. The Commission considered the financing facility to be a short-term objective, which should be created as quickly as possible. Setting up a new framework would take a long time and that was why it had been suggested that the facility should be set up within the IMF, the World Bank or the regional development banks, but with its own independent governance structure that would give equitable representation to developing and developed countries and in particular to those countries that would benefit from the facility. The governance structure of the new facility could provide a pattern for the eventual reform of the international financial institutions.

Mr. J. OCAMPO, Professor at Columbia University, former United Nations Under-Secretary General for Economic and Social Affairs, responding to comments, said that he wished to underscore the importance many speakers had attached to the creation of an effective mechanism to support developing countries. Very little funding was devoted to the very poorest countries and the only support available to them might be Official Development Assistance; it would not be helpful for them to incur debt. The least developed countries needed support to introduce counter-cyclical policies. Mechanisms had already been set up to assist countries that had balance of payments crises; the IMF had accorded funding without imposing conditionalities for Columbia, Mexico and Poland but new funding mechanisms had not been approved for many other developing countries.

He agreed that the Bretton Woods institutions should be more representative of all 192 Member States of the United Nations and that the Member States should be able to participate in allocation of the SDR in particular. The proposal for a new global reserve currency had considerable long-term implications; the United States, currently the issuer of the primary reserve currency, was undergoing major adjustments – it was issuing a large amount of dollars, which would lead to an increase in its public debt. The United States might benefit from disassociating itself from the role of provider of the major reserve currency so that it could concentrate on its own macroeconomic needs instead. The proposal by the Governor of the People's Bank of China for a new and stable reserve currency was intended to secure international financial stability and growth and to prevent the current crisis, with its devastating consequences, from happening again.

THEME 3: ELEMENTS FOR A PARLIAMENTARY STRATEGY

Keynote presentation
THE WAY FORWARD

Ms. S. TIOULONG (Cambodia), opening what she hoped would be a lively debate on the strategies that should be adopted in order to limit the consequences of the crisis, said that parliamentarians should ask themselves what they could do to make the policies and measures discussed at the conference more effective, whether they were introduced by regional or national parliaments or through international cooperation. All were agreed that the global crisis had started in the United States of America and that its roots were in the failure of a highly sophisticated financial sector. Representatives of poor countries had nothing to do with the causes of the crisis, yet to blame others would not solve the problems or move the world forward. All were agreed that the most vulnerable sections of the population in poor countries were the ones most dramatically affected by the crisis. She appealed to all to adopt a constructive approach to the debate.

Launching the debate with her own ideas, she said that there had been a lot of discussion of stimulus packages at the conference which she would have liked to see linked more particularly to investment in infrastructure. There were many ways to provide a stimulus, but if developing countries invested in roads, dams, irrigation and telecommunications and also in the human infrastructures of primary education and primary health care, they would be better placed, once the crisis had ended, to seize the opportunities that would be presented by a new cycle of economic prosperity. Developing countries could not afford to make the same mistake that developed countries had made in the course of the preceding century by depleting their own natural wealth and resources. Stimulus could be achieved through the transfer of technology from developed to developing countries.

Listening to parliamentarians who had spoken during the conference, she had gained the impression that they had been frustrated by the lack of information to which they had had access on events and by their incapacity to monitor World Bank programmes in their own countries, which she believed was because in most countries, the decision-making power was held by the executive and not by parliament. Elected representatives were well placed to understand the needs of their people, so why did they have less power to shape development strategies? To remedy that situation, she proposed that a permanent working group of parliamentarians be set up within the IPU to monitor the effects of the downturn and the ways in which the executive branches and the international bodies pledging assistance were responding to it. Finally, she proposed that the role of parliamentarians themselves should be reformed so that they became more influential and more involved in finding solutions to the crisis.

Mr. P. MARTIN-LALANDE (France) said that the President of France had made a number of proposals on the crisis that had been taken up by the international community. Turning to the role of parliament, it was to be hoped that the crisis would be a catalyst for progressive action in many areas, including in the way parliaments worked. Parliamentarians could ask themselves why they had not predicted the crisis or prevented its effects. Although no one had accurately predicted the events, there was a tendency to blame it on financiers, although it could be asked whether parliamentarians were also to blame. Each parliament should support the commitments, made by its executive before the crisis had occurred, on achievement of the Millennium Development Goals and on development aid. Politicians should also demonstrate trustworthiness and transparency in respect of the commitments made on environmental issues. The crisis had highlighted the role of politics and parliamentarians in what was an increasingly interdependent world; parliamentarians could encourage people everywhere to change their behaviours in order to preserve the environment.

Mr. MA ZHIGENG (China) said that the National People's Congress and its Standing Committee had acted swiftly in response to the crisis, undertaking oversight and rapid implementation of an action plan. The global financial crisis was a global challenge and tackling it should be a global priority for all parliaments. The first task would be to establish a legal framework to tackle the crisis, closely monitor events and put in place the appropriate budgetary measures in response to them. Supervision of the financial markets should be strengthened. Parliaments should learn from each other and implement bilateral and multilateral financial cooperation agreements. Parliamentarians should also facilitate their governments' implementation of macroeconomic policies and the strengthening of supervision. No country was immune from the crisis and parliaments should work together to restore economic growth. Financial markets should be made more transparent in order to prevent similar problems from accumulating and thus promote stability.

Mr. K. EL CHAZLI (Egypt) said that, in response to the serious repercussions of the crisis that were likely to affect developing and developed countries for some time, parliaments could reenergize and adopt laws that minimized its negative effects; they could create a unified approach to the capital markets, making them accountable to the regulatory authorities and gaining control over non-financial services and institutions. Parliaments should also set up special tribunals that had an unlimited area of influence. Parliamentary diplomacy could play a more effective role in encouraging governments to spend money on infrastructure projects in order to boost the social sector and absorb rising levels of unemployment. Governments should also be encouraged to devise local plans and solutions to mitigate the effects of the crisis and alleviate poverty and unemployment. Rich countries should help poor countries to recover from the crisis.

Mr. J. NETO (Portugal) said that, on the theme of parliamentary strategy, it had come to his attention during a recent meeting on cooperation development, that Germany had developed a financial recovery fund and a plan in order to help the banks and financial institutions. The German parliament had set up a permanent committee to oversee spending from a stabilization fund, composed of members of parliament and members of the executive. In response to the current crisis, parliamentarians should play an active role in the decisions-making process on social assistance and not just on financial measures.

Ms. G.J. RESTREPO (Colombia), recalling the discussion earlier that day on the importance of the participation of women in the political process, said that parliamentarians and governments should devote more efforts to implementing inclusive and social policies for women. There was a need for real investment for the very many women who provided social care and who had been made vulnerable by the crisis. Parliamentarians also had a role to play in putting in place domestic financial regulatory and oversight mechanisms. She wished to learn more about the proposed tax reforms and how they could benefit poor countries. Strategies should pay particular attention to the needs of poor countries.

Mr. P. MASHELENGA (Namibia) said that the current financial and macroeconomic crisis held many challenges for emerging markets and developing economies and they had put in place various strategies at national and supranational levels to combat it. The key question for parliamentarians was what was the best way forward; in his view, parliaments should be prepared to authorize further spending if the crisis persisted. Parliaments should address the effects of the crisis on their national economies sector by sector, examining the effects on mining, tourism and finance. Parliaments should also conduct periodic reviews of the mitigation approaches employed by government institutions. He supported the suggestion that parliamentarians should be part of multisectoral coordination units as they would then be kept informed and coherent policies could be devised.

Mr. S. YAMEOGO (Burkina Faso), referring to the role of parliamentarians and their strategic response to the crisis, said that, all had been agreed that there had been a failure to foresee the crisis and that its effects would continue to be widespread. There had also been agreement, following the conclusions of the G20 summit, on the need to break with the past and to create a new international economic and financial system. There remained the fundamental question of how parliaments could mitigate the social and economic effects of the crisis on the most vulnerable groups, especially in Africa. In response to the first stage of the crisis, the parliament of Burkina Faso had established an ad hoc committee charged with making recommendations on limiting the effects of food price rises and, in cooperation with the Government, customs and fiscal measures had been introduced. The measures taken could be extended to cover the financial aspects of the crisis. He hoped that the IPU would monitor the actions of the Financial Stability Forum announced at the G20 summit and, to that end, he supported the proposal of Ms. Tioulong to create a permanent IPU working group.

Ms. R. KADAGA (Uganda) said that, at the international level, she wished to recommend that the IPU should be represented on the proposed global policy coordination council, as it would provide parliamentarians with an entry point into aspects of global governance. Recalling the discussions on early warning systems that had taken place in Addis Ababa, she recommended that, at the national level, parliaments should establish committees to set up early warning systems and to continue to discuss and report periodically on the effects of the economic crisis. She would have wished to ask the panellists how it would be possible to reconcile budgeting under the medium-term economic framework with budgeting for a stimulus package as the Ugandan Parliament had recently been debating with the Government on the matter of priorities and ceilings for stimulus packages.

She had not found the statement by the G20 to be very convincing: the developed countries were not interested in making direct investments in developing countries, which would create employment and develop markets, but preferred that developing countries should compete with one another for investors in the name of liberalization. She did not believe the G20 statement presented evidence of real commitment to developing countries. Furthermore, paragraph 25 of the statement, under the heading “ensuring a fair and sustainable recovery for all”, mentioned “investing in long-term food security”, but it did not mention employment or infrastructure. And if, as stated, the assistance were to be through voluntary bilateral contributions, she failed to see how it would assist the poorest of the poor.

Finally, she wished to raise the question of civil society: at every G7, G8 and G20 meeting, protestors were dispersed with tear gas, yet maybe what they had wanted to say could provide a lesson on management of the global economy. Perhaps representatives of civil society should be invited by parliaments to provide their input on the issue of the economy.

Mr. J.C. VELEZ (Colombia) hoped that the recommendations put forward at the conference could be applied within participants’ respective states. The financial crisis was causing negative growth and a decline in tax revenues of some 10 per cent in Columbia in 2008; many companies were closing down and unemployment had increased. Countercyclical policies were clearly required to combat growing poverty levels, including investment in infrastructure projects. Some 10 million people in Columbia lived below the poverty threshold. To invest in infrastructure, developing countries needed credit and therefore G20 countries would need to strengthen not only international financial institutions, but also regional institutions such as the Inter-American Development Bank. He agreed with the proposals for greater international cooperation as the first world needed to tackle the poverty in developing countries head on. He had found the report made on behalf of the World Food Programme on the low amounts earmarked to combating hunger disturbing while trillions of dollars were spent on armaments. He called on developed countries to do more to combat hunger.

The IPU PRESIDENT, summing up, said that parliamentarians had held two days of intense and rich discussions. They had examined the causes of the economic crisis, its likely evolution and how best to address it. The debates had been enriched by keynote speakers and panelists who had shared their expertise and wisdom. Speakers had examined steps that were needed as a matter of urgency and measures that should follow in the medium- and longer term. Parliamentarians had discussed their own role, and what governments and the international community should do.

The immediate solution to the crisis would involve the disbursement of very significant amounts of remedial funding. The economy must be revived, jobs needed to be created, the financial system must be repaired, trust had to be re-established, and trade and investment needed a major boost. To build a green and sustainable recovery, very significant amounts of funds would be required.

The financial and economic crisis had its origins in the most developed economies where much of the early rescue efforts had been concentrated; the story of Iceland illustrated that experience. However, the crisis was affecting all countries and particularly the developing and least developed nations, which bore no responsibility for it. The G20 meeting had recognized that those countries needed to be assisted, which would mean living up to the commitments made on many past occasions.

Participants had emphasized the need for greater regulation of the financial sector. There must be much more accountability within and over the banking system than hitherto. Similarly, the credit ratings agencies must be regulated and controlled to ensure that the information they produced was not misleading.

Employment was central to the debate. The health of the world economy should not be measured as a function of stock market recovery, but rather in terms of the recovery of job markets, offering employment that provided a basis for survival and which valued the dignity of work.

Much of the discussion had focused on the international financial institutions and the need for their reform. It was said that loans provided by the International Monetary Fund should be stripped of the traditional conditionalities and should not be made to the detriment of social welfare.

Parliamentarians must contribute to the design of a new system which was better attuned to the deeper aspirations of their citizens. There should be much closer parliamentary interaction with the international financial institutions in order to exercise greater parliamentary oversight.

There should be recognition that the global financial crisis affected women and men differently, with women hit the hardest. The crisis would, at a minimum, consolidate entrenched inequalities, but most likely exacerbate them, pushing women even further into poverty. Women were a driving force, particularly in the economies of the developing world, both formally and informally, and the solutions to the crisis must therefore build on their potential, recognize their contributions and promote gender equality. Parliamentarians must make sure that the policies and programmes that were developed to address the current crisis take account of gender equality and political participation by women and apply tools such as gender sensitive budgeting.

Contrary to the belief of many, the crisis was reversible. Indeed, it was an opportunity to achieve real progress in society, remedying existing inequalities and imbalances, and building new systems based on inclusion, transparency and good governance. Parliamentarians must use their role as the elected leaders of their citizens and communities to sustain the public optimism that that would require.

The tasks that lie before governments in bringing a thorough reform to financial systems and in forging a world that was less crisis-prone, were enormous. As the conference had illustrated, parliamentarians had a major stake in the success of any reform; the best kind of support they could provide to their governments was stringent oversight. As the reforms proceeded - and they would take years and not months - people will depend upon parliamentarians to both keep them fully informed of developments, and to make absolutely sure that their views and aspirations were taken into full account.

PROGRAMME

Wednesday, 6 May

10:00 - 19:00 *Registration of participants*
(United Nations Office at Geneva and IPU Headquarters)

Thursday, 7 May

08:30 - 18:00 *Registration of participants (United Nations Office at Geneva)*

10:00 - 10:40 *Inaugural session*

- Dr. Theo-Ben Gurirab, IPU President
- Dr. Supachai Panitchpakdi, Secretary-General of UNCTAD

10:40 - 11:00 *Introductory video presentation*
Cascading failures: the genesis of the crisis

- Mr. Jeffrey D. Sachs, Director of the Earth Institute, Columbia University (USA)

Theme 1: ***Macroeconomic policies to stimulate the global economy***

11:00 - 13:00 *Interactive panel discussion*
Creating jobs and warding off social recession

- Mr. Juan Somavía, Director-General, International Labour Office
- Mr. Jean-Pierre Lehmann, Professor of International Political Economy, Founding Director, The Evian Group

13:00 - 15:00 *Lunch break*

15:00 - 16:00 *Question-and-answer session*
Finding a new path to stability and growth: conclusions of the G20

- Lord Malloch-Brown, Minister of State (United Kingdom)

16:00 - 18:00 *Interactive panel discussion*
Mitigating the impact of the crisis on development

- Ambassador Ato Fisseha Yimer (Ethiopia)
- Mr. Paul Larsen, Director, External Relations Division, World Food Programme
- Mr. Ben Turok, MP (South Africa)

18:00 *Reception at UNOG*

Friday, 8 May	
10:00 - 10:30	*Keynote presentation* **Gender aspects of the economic crisis** • Ms. Barbara Prammer, Speaker of Parliament (Austria)
Theme 2:	***Reform of the international financial system***
10:30 - 13:00	*Interactive panel discussion* **Achieving financial stability** • Mr. Jomo Kwame Sundaram, Assistant Secretary-General for Economic Development, Department of Economic and Social Affairs (United Nations) • Mr. Geir Haarde, former Prime Minister (Iceland) • Mr. Paul Oquist, Senior Advisor for Financial and Economic Affairs to the President of the United Nations General Assembly
13:00 - 15:00	*Lunch break*
15:00 - 16:00	*Thematic debate* **Principles of the reform: towards a new Bretton Woods?** • Mr. Jan Kregel, Chief Rapporteur, Commission of Experts of the President of the UN General Assembly on the Reform of the International Monetary and Financial System • Mr. José Antonio Ocampo, Professor at Columbia University (USA), former United Nations Under-Secretary General for Economic and Social Affairs
Theme 3:	***Elements for a parliamentary strategy***
16:00 - 17:50	**The way forward**

- Mme Samura Tioulong, membre du parlement (Cambodge)

17:50 - 18:00	*Closing session*

LIST OF PARTICIPANTS

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Adviser / *Conseiller*

GAPOULA, Alphonse (Mr./M.)
Adviser / *Conseiller*

GOMA, Benjamin (Mr./M.)
Adviser / *Conseiller*

COSTA RICA

MORA MORA, Alexander (Mr./M.)	Member of the Legislative Assembly *Membre de l'Assemblée législative*

ÁLVAREZ MATA, Hannia (Ms./Mme)
Adviser / *Conseillère*

CROATIA - *CROATIE*

NIMICA, Neven (Mr./M.)	Deputy Speaker of the Parliament *Vice-Président du Parlement*

ČAJO, Denis (Mr./M.)
Adviser / *Conseiller*

CZECH REPUBLIC - *REPUBLIQUE TCHEQUE*

HRNČÍR, Pavel (Mr./M.)	Member of the Chamber of Deputies *Membre de la Chambre des Députés*
KONÍČEK, Vladimír (Mr./M.)	Member of the Chamber of Deputies *Membre de la Chambre des Députés*
KUFA, Rudolf (Mr./M.)	Member of the Chamber of Deputies *Membre de la Chambre des Députés*
REISIEGEL, Daniel (Mr./M.)	Member of the Chamber of Deputies *Membre de la Chambre des Députés*

ANDRISOVÁ, Silvia (Ms./Mme)
Secretary / *Secrétaire*

DEMOCRATIC REPUBLIC OF THE CONGO - *REPUBLIQUE DEMOCRATIQUE DU CONGO*

MABI, Mulumba (Mr./M.)	Senator *Sénateur*
KILOMO, Sakungu (Mr./M.)	Senator *Sénateur*

EGYPT - *EGYPTE*

SOROUR, Ahmed Fathi (Mr./M.)	Speaker of the People's Assembly *Président de l'Assemblée du Peuple*
ABAZA, Mohmod (Mr./M.)	Member of the People's Assembly *Membre de l'Assemblée du Peuple*
AZMY, Zakaria (Mr./M.)	Member of the People's Assembly *Membre de l'Assemblée du Peuple*
EL CHAZLI, Kamal (Mr./M.)	Member of the People's Assembly *Membre de l'Assemblée du Peuple*
EL SAID, Moustafa (Mr./M.)	Member of the People's Assembly *Membre de l'Assemblée du Peuple*
ELENAN, Mohamed Abu (Mr./M.)	Member of the People's Assembly *Membre de l'Assemblée du Peuple*
MOUSTAFA, Tarek Tallat (Mr./M.)	Member of the People's Assembly *Membre de l'Assemblée du Peuple*
YOUNIS, Shawki (Mr./M.)	Member of the People's Assembly, *Membre de l'Assemblée du Peuple*

EL SHEIKH, Youssry (Mr./M.)
Secretary / *Secrétaire*

MAHRAN, Samy (Mr./M.)
Adviser / *Conseiller*

SHAHEN, Hassan (Mr./M.)
Secretary / *Secrétaire*

EL-DINE Walid Gamal (Mr./M.)
Security Officer / *Agent de sécurité*

ETHIOPIA - *ETHIOPIE*

ADEM BUSER, Abdo (Mr./M.)	Member of the House of Peoples' Representatives *Membre de la Chambre des Représentants du Peuple*
AREGAWI, Asthebha (Mr./M.)	Member of the House of Peoples' Representatives *Membre de la Chambre des Représentants du Peuple*
DEMESSI, Ababi (Mr./M.)	Member of the House of Peoples' Representatives *Membre de la Chambre des Représentants du Peuple*

FINLAND - *FINLANDE*

SASI, Kimmo (Mr./M.)	Member of the Eduskunta *Membre de l'Eduskunta*

FRANCE

MARTIN-LALANDE, Patrice (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*
GAUBERT, Jean (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*
BIZET, Jean (Mr./M.)	Senator *Sénateur*
DEL PICCHIA, Robert (Mr./M.)	Senator *Sénateur*
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GABON

ONA ONDO, Daniel (Mr./M.)	First Vice-President of the National Assembly *Premier Vice-Président de l'Assemblée nationale*
IWANGOU, Jean-Claude (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*

GREECE - *GRECE*

PAPADEMETRIOU, Elissavet (Ms./Mme)	Vice-President of the Hellenic Parliament *Vice-Présidente du Parlement hellénique*
AGORASTOS, Constantinos (Mr./M.)	Member of the Hellenic Parliament *Membre du Parlement hellénique*
MANIATIS, Ioannis (Mr./M.)	Member of the Hellenic Parliament *Membre du Parlement hellénique*
ALEVIZOU, Aikaterini (Ms./Mme) Secretary / *Secrétaire*	

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Ambassadeur, Représentant permanent de la Grèce à Genève

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Minister Counsellor, Permanent Mission
Ministre Conseiller, Mission permanente

INDONESIA – *INDONESIE*

DIRDJOJUWONO, Roestanto W. (Mr./M.)
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Membre de la Chambre des Représentants
(Ms./Mme Tresa Pratiwi)

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First Secretary, Permanent Mission of Indonesia
Premier Secrétaire, Mission permanente de l'Indonésie

IRAN (ISLAMIC REPUBLIC OF) – *IRAN (REPUBLIQUE ISLAMIQUE D')*

HASHEMI, Seyyed Hossein Mr./M.)
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Membre de l'Assemblée consultative islamique

MOHAMMADYARI, Bahman (Mr./M.)
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ALIKHANI, Ebrahim (Mr./M.)
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MOUSAVI, Mohammad Ali (Mr./M.)
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JORDAN - *JORDANIE*

TARAWNEH, Fayez (Mr./M.)
Vice President of the Senate
Vice-Président du Sénat

ALADWAN, Mohd (Mr./M.)
Senator
Sénateur

AL HENEITI, Abd Al Hameed (Mr./M.)
Secretary / *Secrétaire*

NWAFLEH, Sufian (Mr./M.)
Secretary / *Secrétaire*

KENYA

OKEMO, Chrysanthus (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*
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MUREITHI, Erastus (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*

ABONYO, Florence (Ms./Mme)
Secretary / *Secrétaire*

LATVIA - *LETTONIE*

PETERSONE, Karina (Ms./Mme)	Member of the Saeima *Membre du Saeima*

PAURA, Sandra (Mrs./Mme)
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LESOTHO

MAFURA, Kabelo (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*
MATETE, Ranthomeng (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*
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TEBOHO, Tsekoa (Ms./Mme)
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LIBYAN ARAB JAMAHIRIYA - *JAMAHIRIYA ARABE LIBYENNE*

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EL MUGASSABI, Fauzi Fathalla (Mr./M.)	Member of the General People's Congress *Membre du Congrès général du Peuple*

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EL-HASHEMI SULEIMAN, Abu Baker (Mr./M.)
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SARKEZ, Taher M. (Mr./M.)
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MALAYSIA - *MALAISIE*

IKHWAN SALIM DATO' HAJI SUJAK (Mr./M.) — Member of Parliament / *Membre du Parlement*

MAURITIUS - *MAURICE*

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GUJADHUR, Subhas (Mr./M.)
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GUJADHUR, Tanya (Ms./Mme)
Second Secretary / *Deuxième Secrétaire*

WILFRID-RENÉ, Reena (Ms./Mme)
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MONACO

NOTARI, Fabrice (Mr./M.) — Member of the National Council / *Conseiller national*

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MOROCCO - *MAROC*

EL HILAA, Rahou (Mr./M.) — Member of the House of Representatives / *Membre de la Chambre des Représentants*

RABBAH, Aziz (Mr./M.) — Member of the House of Representatives / *Membre de la Chambre des Représentants*

NAMIBIA - *NAMIBIE*

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DE WAAL, Johan (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*
!GOBS, Sebastiaan (Mr./M.)	Member of the National Council *Membre du Conseil national*
MASHELENGA, Peya (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*
NAMBAHU, Tommy (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*

GEORGE, Abraham (Mr./M.)
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ISAAK, Willem H. (Mr./M.)
Secretary / *Secrétaire*

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Adviser / *Conseiller*

HAITENGI, Dorota (Ms./Mme)
Adviser / *Conseillère*

MOTINGA, Daniel (Mr./M.)
Adviser / *Conseiller*

NIGERIA

BAYERO, Usman (Mr./M.)	Deputy Speaker of the House of Representatives *Vice-Président de la Chambre des Représentants*
WADADA AHMED, Aliyu (Mr./M.)	Member of the House of Representatives *Membre de la Chambre des Représentants*
ENOCH, John Owan (Mr./M.)	Member of the House of Representatives *Membre de la Chambre des Représentants*
OLUNLOYO OSHINOWO, Folake (Ms./Mme)	Member of the House of Representatives *Membre de la Chambre des Représentants*
OZOMGBACHI, Ogbuefi (Mr./M.)	Member of the House of Representatives *Membre de la Chambre des Représentants*
SOLI JIBIA, Sada (Mr./M.)	Member of the House of Representatives *Membre de la Chambre des Représentants*

ABUBAKAR, Badamasi (Mr./M.)
Secretary / *Secrétaire*

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Minister, Permanent Mission of Nigeria in Geneva / *Ministre, Mission permanente du Nigéria à Genève*

PAKISTAN

NAEK, H. Farooq (Mr./M.)	Chairman of the Senate *Président du Sénat*	(Ms./Mme Farzhana Naek)
ALI, Ahmed (Mr./M.)	Senator *Sénateur*	

BILOUR, Ilyas Ahmed (Mr./M.)	Senator *Sénateur*	
BUGTI, Shahid Hassan (Mr./M.)	Senator *Sénateur*	
WATTOO, Khurram Jenhangir (Mr./M.)	Member of Parliament *Membre du Parlement*	(Ms./Mme Mehreen Mohmand)

ALI, Nawaz (Mr./M.)
Secretary / *Secrétaire*

HAIDER, Syed Hasnain (Mr./M.)
Adviser / *Conseiller*

AKRAM, Zamir (Mr./M.)
Ambassador, Permanent Representative of Pakistan in Geneva / *Ambassadeur, Représentant permanent du Pakistan à Genève*

KHOKHER, Aftab Ahmad (Mr./M.)
Deputy Permanent Representative of Pakistan in Geneva / *Ambassadeur, Représentant permanent adjoint du Pakistan à Genève*

PALESTINE

ABUHOLI, Ahmad H.A. (Mr./M.)	Member of the Palestine Legislative Council *Membre du Conseil législatif palestinien*

PARAGUAY

OVIEDO, Ariel (Mr./M.)	Vice-President of the Chamber of Deputies *Vice-Président de la Chambre des Députés*
AGUILERA, Cándido (Mr./M.)	Member of the Chamber of Deputies *Membre de la Chambre des Députés*
DA ROSA, Aristides (Mr./M.)	Member of the Chamber of Deputies *Membre de la Chambre des Députés*
FERREIRA, Olga (Ms./Mme)	Member of the Chamber of Deputies *Membre de la Chambre des Députés*
GONZALEZ, Víctor (Mr./M.)	Member of the Chamber of Deputies *Membre de la Chambre des Députés*
LOPEZ, Cesar (Mr./M.)	Member of the Chamber of Deputies *Membre de la Chambre des Députés*
MALDONADO, Celso (Mr./M.)	Member of the Chamber of Deputies *Membre de la Chambre des Députés*
MARIÑO, Jorge Avalos (Mr./M.)	Member of the Chamber of Deputies *Membre de la Chambre des Députés*
MINEUR, Julio (Mr./M.)	Member of the Chamber of Deputies *Membre de la Chambre des Députés*

PERU - *PEROU*

MORALES CASTILLO, Fabiola (Ms./Mme)	Vice-President of the Congress of the Republic *Vice-Présidente du Congrès de la République*
GUIDO LOMBARDI, Elías (Mr./M.)	Member of the Congress of the Republic *Membre du Congrès de la République*
MEKLER NEIMAN, Isaac (Mr./M.)	Member of the Congress of the Republic *Membre du Congrès de la République*
MONTES DE OCA, Carlos Bruce (Mr./M.)	Member of the Congress of the Republic *Membre du Congrès de la République*
YAMASHIRO ORÉ, Rafael (Mr./M.)	Member of the Congress of the Republic *Membre du Congrès de la République*

POLAND - *POLOGNE*

CHLOPEK, Aleksander (Mr./M.)	Member of the Sejm *Membre du Sejm*

PORTUGAL

VIEIRA, Rui (Mr./M.)	Member of the Assembly of the Republic *Membre de l'Assemblée de la République*
NETO, Jorge (Mr./M.)	Member of the Assembly of the Republic *Membre de l'Assemblée de la République*

QATAR

AL-KUBAISI, Ajaj (Mr./M.)	Member of the Majlis Al-Shura *Membre du Majlis Al-Choura*
AL-MAJID, Abdulreda Mahdi (Mr./M.) Adviser / *Conseiller*	

ROMANIA - *ROUMANIE*

GIURGIU, Mircia (Mr./M.)	Member of the Chamber of Deputies *Membre de la Chambre des Députés*
MANOLESCU, Oana (Ms./Mme)	Member of the Chamber of Deputies *Membre de la Chambre des Députés*
ROGIN, Marius (Mr./M.)	Member of the Chamber of Deputies *Membre de la Chambre des Députés*
STAN, Ioan (Mr./M.)	Member of the Chamber of Deputies *Membre de la Chambre des Députés*
OVIDIUS, Marcutiany (Mr./M.)	Senator *Sénateur*
DUMITRESCU, Cristina (Ms./Mme) Secretary / *Secrétaire*	
CUCIAN, Robertina (Ms./Mme) Secretary / *Secrétaire*	

RUSSIAN FEDERATION - *FEDERATION DE RUSSIE*

GORBUNOV, Gennady (Mr./M.)	Member of the Council of the Federation *Membre du Conseil de la Fédération*
KHASHIR, Aslan (Mr./M.)	Member of the Council of the Federation *Membre du Conseil de la Fédération*
MANGUSH, Kirill (Mr./M.)	Member of the Council of the Federation *Membre du Conseil de la Fédération*
PONOMAREV, Alexander (Mr./M.) Adviser / *Conseiller*	
RODIONOV, Denis (Mr./M.) Adviser / *Conseiller*	

RWANDA

RWIGEMA, Gonzague (Mr./M.)	Member of the Chamber of Deputies *Membre de la Chambre des Députés*
KUBWIMANA, Chrysologue (Mr./M.)	Senator *Sénateur*

SAUDI ARABIA - *ARABIE SAOUDITE*

ALSHEHRI, Hassan (Mr./M.)	Member of the Shura Council *Membre du Conseil de la Choura*
BARRY, Zain Alabdeen A. (Mr./M.)	Member of the Shura Council *Membre du Conseil de la Choura*
ALMUSAIND, Fahad A. (Mr./M.) Adviser / *Conseiller*	
BINSAEED, Anas A. (Mr./M.) Adviser / *Conseiller*	

SENEGAL

TOURE, Ndiawar (Mr./M.)	Deputy Chairman of the National Assembly *Vice-Président de l'Assemblée nationale*
NDIAYE, Sada (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*
GUEYE, Abdou Khadim (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*

SERBIA - *SERBIE*

VLAHOVIĆ, Aleksandar (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*

SLOVENIA - *SLOVENIE*

BAROVIČ, Bogdan (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*	
BEVK, Samo (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*	
PANDEV, Tanja (Ms./Mme) Secretary / *Secrétaire*		

SOUTH AFRICA – *AFRIQUE DU SUD*

TUROK, Ben (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*	

SPAIN - *ESPAGNE*

MOSCOSO DEL PRADO, Juan (Mr./M.)	Member of the Congress of Deputies *Membre du Congrès des Députés*	(Ms./Mme Eva Gonzalez)
LASSALLE, José (Mr./M.)	Member of the Congress of Deputies *Membre du Congrès des Députés*	(Ms./Mme Meritxell Batet)
BOYRA, Helene (Ms./Mme) Adviser / *Conseillère*		
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SURINAME

ANGOELAL, Socila (Ms./Mme)	Member of the National Assembly *Membre de l'Assemblée nationale*	
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RANDJIETSINGH, Radjkoemar (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*	

SWEDEN - *SUEDE*

ELINDERSON, Lars (Mr./M.)	Member of the Riksdag *Membre du Riksdag*

SWITZERLAND - *SUISSE*

GADIENT, Brigitta M. (Ms./Mme)	Member of the National Council *Membre du Conseil national*
STUMP, Doris (Ms./Mme)	Member of the National Council *Membre du Conseil national*
VEILLON, Pierre-François (Mr./M.)	Member of the National Council *Membre du Conseil national*

TOGO

DJOBO, Nassara (Ms./Mme) (épouse OURO-BANG'NA)	Second Vice-President of the National Assembly *Deuxième Vice-Présidente de l'Assemblée nationale*
AMEGNONAN, Kossi (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*
BAMNANTE, Komikpime (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*
LAWSON, Pè Banku (Mr./M.)	Member of the National Assembly *Membre de l'Assemblée nationale*

TURKEY - *TURQUIE*

BOLUKBASI, Deniz (Mr./M.)	Member of the Grand National Assembly *Membre de la Grande Assemblée nationale*
KURT, Abdurrahman (Mr./M.)	Member of the Grand National Assembly *Membre de la Grande Assemblée nationale*

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Conseiller économique

ÖSKIPER, Volkan (Mr./M.)
First Secretary / *Premier Secrétaire*

UGANDA - *OUGANDA*

KADAGA, Rebecca (Ms./Mme)	Deputy Speaker of Parliament *Vice-Présidente du Parlement*
AKOL OKULLU, Rose (Ms./Mme)	Member of Parliament *Membre du Parlement*
MUKITALE BIRAAHWA, Stephen (Mr./M.)	Member of Parliament *Membre du Parlement*
OJOK, Oleny Charles (Mr./M.)	Member of Parliament *Membre du Parlement*

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Secretary / *Secrétaire*

UKRAINE

BILORUS, Oleh (Mr./M.)	Member of the Verkhovna Rada *Membre du Verkhovna Rada*

UNITED ARAB EMIRATES – *EMIRATS ARABES UNIS*

AL SUWAIDI, Sultan Sager (Mr./M.)	Member of the Federal National Council *Membre du Conseil national de la Fédération*
ALI BIN FADIL, Yousef (Mr./M.)	Member of the Federal National Council *Membre du Conseil national de la Fédération*
AL SHAMSI, Abdulrahman Ali (Mr./M.)	Deputy Secretary General *Secrétaire général adjoint*
AL YALYALI, Ali Obaid (Mr./M.) Secretary / *Secrétaire*	
AL-MOUR AL-ZAABI, Abdullah (Mr./M.) Adviser / *Conseiller*	
AL-ZAABI, Obaid Salem (Mr./M.) Ambassador, Permanent Representative of U.A.E. in Geneva *Ambassadeur, Représentant permanent des E.A.U. à Genève*	
AL MAHRI, Adel (Mr./M.) Couselor / *Conseiller*	
AL HEBSI, Saeed (Mr./M.) Second Secretary / *Deuxième Secrétaire*	

UNITED KINGDOM - *ROYAUME-UNI*

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HENDRICK, Mark (Mr./M.)	Member of the House of Commons *Membre de la Chambre des Communes*
LIBEROTTI, Gabriella (Ms./Mme) Secretary / *Secrétaire*	
MIDDLETON, Will (Mr./M.) Secretary / *Secrétaire*	
GOODERHAM, Peter (Mr./M.) Ambassador, Permanent Representative of the United Kingdom in Geneva *Ambassadeur, Représentant permanent du Royaume-Uni à Genève*	
TISSOT, Philip (Mr./M.) Deputy Permanent Representative of the United Kingdom in Geneva *Représentant permanent adjoint du Royaume-Uni à Genève*	

UNITED REPUBLIC OF TANZANIA - REPUBLIQUE-UNIE DE TANZANIE

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KADEBE, Michael (Mr./M.)
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First Secretary, Permanent Mission of the United Republic of Tanzania in Geneva
Premier Secrétaire, Mission permanente de la République-Unie de Tanzanie à Genève

URUGUAY

COURIEL, Alberto (Mr./M.) — Senator / *Sénateur*

PERCOVICH, Margarita (Mrs./Mme) — Senator / *Sénatrice*

CARDOSO, José Carlos (Mr./M.) — Member of the House of Representatives / *Membre de la Chambre des Représentants*

GAMOU, Carlos (Mr./M.) — Member of the House of Representatives / *Membre de la Chambre des Représentants*

POSADA, Ivan (Mr./M.) — Member of the House of Representatives / *Membre de la Chambre des Représentants*

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Secretary / *Secrétaire*

GALVALISI, Carina (Ms./Mme)
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VENEZUELA

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MORALES, Victor Hugo (Mr./M.) — Member of the National Assembly / *Membre de l'Assemblée nationale*

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LOBO, José Leonel (Mr./M.)
Permanent Mission
Mission permanente

YEMEN

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ABDULGALIL ABDO THABIT (Mr./M.)	Member of the House of Representatives *Membre de la Chambre des Représentants*

ABDULWAHAB AL-KAMIL (Mr./M.)
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NAGIM HAMIM (Mr./M.)
Adviser / *Conseiller*

ASSOCIATE MEMBERS - *MEMBRES ASSOCIES*

EUROPEAN PARLIAMENT – *PARLEMENT EUROPEEN*

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* * *

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