



119th ASSEMBLY OF THE INTER-PARLIAMENTARY UNION AND RELATED MEETINGS

Geneva, 13-15.10.2008

Assembly
Item 2

A/119/2-P.3
11 October 2008

CONSIDERATION OF POSSIBLE REQUESTS FOR THE INCLUSION OF AN EMERGENCY ITEM IN THE ASSEMBLY AGENDA

Request for the inclusion of an emergency item in the agenda of the 119th Assembly of the Inter-Parliamentary Union submitted by the delegation of Mexico

On 11 October 2008, the Secretary General received from the delegation of Mexico a request for the inclusion in the agenda of the 119th Assembly of an emergency item entitled:

"The need for worldwide financial reform".

Delegates to the 119th Assembly will find attached the text of the communication submitting the request (Annex I), as well as an explanatory memorandum (Annex II) and a draft resolution (Annex III) in support thereof.

The 119th Assembly will be required to take a decision on the request of the delegation of Mexico on Monday, 13 October 2008.

Under the terms of Assembly Rule 11.1, any Member of the Union may request the inclusion of an emergency item in the Assembly agenda. Such a request must be accompanied by a brief explanatory memorandum and a draft resolution which clearly define the scope of the subject covered by the request. The Secretariat shall communicate the request and any such documents immediately to all Members.

Furthermore, Assembly Rule 11.2 stipulates that:

- (a) A request for the inclusion of an emergency item must relate to a major event of international concern on which it appears necessary for the IPU to express its opinion. Such a request must receive a two-thirds majority of the votes cast in order to be accepted;
- (b) The Assembly may place only one emergency item on its agenda. Should several requests obtain the requisite majority, the one having received the largest number of positive votes shall be accepted;
- (c) The authors of two or more requests for the inclusion of an emergency item may combine their proposals to present a joint one, provided that each of the original proposals relates to the same subject;
- (d) The subject of a proposal that has been withdrawn by its authors or rejected by the Assembly cannot be included in the draft resolution submitted on the emergency item, unless it is clearly referred to in the request and title of the subject adopted by the Assembly.

**COMMUNICATION ADDRESSED TO THE SECRETARY GENERAL
BY THE LEADER OF THE DELEGATION OF MEXICO**

Mexico City, 11 October 2008

Dear Mr. Secretary General,

The Mexican delegation to the 119th IPU Assembly wishes to submit the following proposal for an emergency item:

"The need for worldwide financial reform".

Please find enclosed the text of an explanatory memorandum and a draft resolution for consideration by the Assembly.

Yours sincerely,

(signed)

Rosario GREEN, Senator
Leader of the delegation of Mexico

THE NEED FOR WORLDWIDE FINANCIAL REFORM

Explanatory memorandum submitted by the delegation of Mexico

The extent of the crisis in the world's biggest economy has become clearer with each passing week. What we are seeing is the complete breakdown of mortgage, financial and insurance institutions that until recently had set the pattern for the international financial system.

The scope of the crisis is such that the Government of the United States of America has launched a US\$ 700 billion rescue operation in an attempt to reverse a situation characterized by unprecedented growth in consumption, fed by a fiscal and financial policy that had companies, banks, government and the public in general indebted themselves to unheard of levels.

The causes of this situation, which is reaching catastrophic proportions as the days pass, have been identified as the speculative and unregulated management of financial operations.

In view of the above, the economic crisis in the United States can now be said to have gone from a possibility to a reality whose impact will be felt worldwide, as evidenced by the number of European financial institutions already being bailed out by their governments.

The crisis is having a huge impact on the economic behaviour of families in developed countries and will have a devastating effect on consumption, with the inevitable repercussions on emerging economies as their main export markets dry up. The delicate situation at the World Trade Organization, with the Doha Round negotiations at an impasse, is of particular resonance in this respect.

The severe economic downturn will also affect unemployment levels, and this in turn will lead to a direct reduction in the remittances of migrants working in the developed countries, which have started to fall sharply.

A key fact of the present situation is the damage inflicted on the confidence without which international, regional and national finance cannot work. The time has come to reflect on the role played by the International Monetary Fund (IMF) and the World Bank in steering emerging economies, which have on more than one occasion been subjected to intense scrutiny and forced to apply orthodox management criteria based on the precepts of more developed countries, chiefly the United States. Suffice it to recall the insistence on slavish obedience to the tenets of what was known as the Washington Consensus in the 1990s.

It remains truly paradoxical that the countries that hewed closest to the dictates of the Bretton Woods system, among them several whose economies are emerging, should today be exposed to the consequences of the lack of rules and absence of controls in the very countries and institutions that established those criteria in the name of so-called greater efficiency.

It is important to note that the problems arising from the crisis are not limited to the economic and financial spheres; their potential for destabilization has social and political ramifications as well. For example, migratory pressure has increased as working conditions deteriorate and incomes fall in traditional countries of origin, at the same time as the economies of destination countries lose their capacity to absorb migrants.

Other endeavours that may be seriously affected by the crisis and the shortfall in global financial resources it entails are those relating to fulfillment of the United Nations Millennium Development Goals and action to halt climate change, not to mention support for security strategies of various kinds.

The time has undoubtedly come to embark on serious reflection about the lessons the globalized economy will have to learn from the present financial crisis, to which, unfortunately, there is no end in sight. Beyond the emergency measures being taken not only in the United States but also in the European Union and other countries, it will be essential to go to the roots of the problem and to conduct an in-depth debate on the necessary reform of the international financial system. That analysis, in addition to reviewing the performance of the Bretton Woods institutions, should also consider the activities of the Bank for International Settlements (BIS), the world's oldest financial institution and the banker for the central banks of many countries. It and the solutions adopted will have to be multilateral and involve the participation of all countries.

One final consideration: the financial crisis comes on top of other situations that are urgent for all countries, namely the energy and food crises. Those crises should frame efforts to reconstruct the international financial system, so as not to allow "negative" synergies to proliferate.

THE NEED FOR WORLDWIDE FINANCIAL REFORM

Draft resolution submitted by the delegation of MEXICO

The 119th Assembly of the Inter-Parliamentary Union,

- (1) *Considering* the importance of the role played by the parliamentarians in ensuring stability, security and development in their respective countries,
- (2) *Recognizing* the threat that the present economic crisis poses for prosperity worldwide and the achievement of the Millennium Development Goals,
- (3) *Bearing in mind* that the interdependence brought about by the globalization of almost all processes is tending to eliminate the barriers between countries when it comes to the negative impact of a crisis as far-reaching as that facing the world today,
- (4) *Recognizing* that the global nature of the present crisis requires global reflection leading to solutions based on broad international cooperation,
 - 1. *Urges* the governments of all countries to take the necessary steps to organize a general debate as soon as possible on the international financial situation and its economic, social and political consequences, for the purpose of deliberating the feasibility of establishing a working group made up of representatives of the leading and emerging economies that would immediately embark on the process of analysis and reform of the international financial system, and of establishing the mechanisms needed to incorporate the demands and contributions of the rest of the international community, without detracting from the importance of the thought every country should give to the effectiveness of the national political rules affecting the crisis;
 - 2. *Calls on* the International Monetary Fund, the World Bank and the Bank for International Settlements to conduct an in-depth review of their criteria for action and to submit the results of the review to the proposed working group for its consideration;
 - 3. *Calls on* all governments and international fora to examine the factors exacerbating the crisis, in particular those relating to energy, food and trade liberalization.