Parliamentary Hearing at the United Nations

ECOSOC Chamber
19 - 20 November 2009

The Way Forward –
Building political support and implementing effective responses to the global economic crisis

THURSDAY, 19 NOVEMBER

10 a.m. - 10.30 a.m. Opening session

Statements by:

- H.E. Mr. Ali Abdussalam Treki, President of the General Assembly
- H.E. Mr. Ban Ki-moon, Secretary-General of the United Nations
- The Honorable Dr. Theo-Ben Gurirab, President of the Inter-Parliamentary Union

10.30 a.m. – 1 p.m. Session I
Overview of the international response to the crisis

The global economic and financial crisis has prompted an unprecedented response by both national and international actors. Meetings of the G20 have issued a number of commitments that together amount to a global stimulus package of some $ 1.1 trillion and a thrust toward regulatory reforms. A United Nations global conference last June focused on the impact of the crisis on development and launched a process, in the form of a working group of the General Assembly, to bring to fruition some key recommendations. The conference also set the stage for a number of initiatives, such as more regulation of the financial industry, more global cooperation on tax matters, the possible creation of a global reserve currency, stronger linkages between the UN and the Bretton Woods institutions, and many others. Moreover, it encouraged the IPU to continue to bring a parliamentary contribution to the development of global responses to the crisis.

This recognition by the international community of the role and responsibility of parliaments in addressing the global crisis comes in the aftermath of IPU's own global parliamentary conference in May of this year. This unique event, in turn, helped create a shared understanding among parliamentarians of the causes of the crisis and of the need to exercise more stringent oversight of both government action and of the international financial institutions.

Leading questions:

- How far have counter-measures to the crisis been implemented to date? Has enough been done to resolve the problems in the financial sector?
- Is the global stimulus working out for all, and what correctives may be required to assist developing countries in particular? When should countries start considering exit strategies, with a view to preserving longer-term fiscal sustainability?
- Are deep structural issues being adequately addressed by this year's inter-governmental agreements?
- What will be required to resolve the underlying imbalances in the global economy?

- How effective have parliaments been in helping design and oversee national responses?

Discussants:
- Mr. Jomo Kwame Sundaram, Assistant Secretary-General for Economic and Social Affairs (DESA)
- Mr. Lorenzo Giorgianni, Assistant Director, Strategy, Policy and Review Department, International Monetary Fund (IMF)
- Ambassador Sylvie Lucas, Permanent Representative of Luxembourg to the United Nations, President of the UN Economic and Social Council (ECOSOC)
- Dr. Werner Puschra, Executive Director, Friedrich Ebert foundation

3 p.m. – 6 p.m. Session II
Delivering a green recovery: solutions for a more sustainable economy

Climate change and other long-standing environmental issues have prompted the need for governments, producers and consumers to consider ways to transform traditional high-carbon and high-energy economies in more sustainable, green ways. The global economic crisis has been a further catalyst of this transition. In their recent agreement at the UN, governments acknowledged that the response to the crisis presents "an opportunity to promote green economy initiatives". They further encouraged the utilization of national stimulus packages to support productive employment and decent work in environmental industries. As seen in many countries, the shift to a green economy will create more jobs than it replaces (while most jobs will simply need upgrading) and so it is potentially a triple win for workers, industry and the environment.

The green economy is not the preserve of developed countries alone; many green jobs can be created in developing countries as well. Not all green solutions need to be high tech either. A global green economy is truly within reach. Still, for most countries, moving from principles to action is not easy. Questions about funding, technology transfers, education and training must be addressed both to help create or transform new green jobs and to help workers and businesses adjust to new market conditions.

The transition to a green economy will depend most heavily, however, on government incentives and disincentives (taxes, subsidies etc.) to steer markets in the right direction and to fully account for the environmental cost of production and consumption. Even then, the nature and pace of change may not be enough. According to some experts, even the most sophisticated green economy will not save the environment and improve quality of life unless we re-think radically the growth-centred economic model of the last fifty years.

Leading questions:
- What steps are required most urgently, in the face of the crisis, to boost the transition toward the green economy in both developed and developing countries?
- Are government's stimulus packages to revive the economy sufficiently green?
- How to get industry and consumers on board to accept green taxes, subsidy cuts and a host of new regulations (e.g. eco-labelling, recycling etc.) as necessary and beneficial in the long-term?
- What prospects for a new climate change agreement at the end of the year to support financially and technologically a green transition in developing countries?
- Is it enough to change consumption and production patterns to make the economy sustainable or do we need to rethink them altogether?

Discussants:
- The Honorable Ms. Jo Swinson, MP, Parliamentary Group on Wellbeing Economics, United Kingdom

- Ambassador Hardeep Singh Puri, Permanent Representative of India to the United Nations
- Mr. Michael Renner, Senior Researcher and Director, Global Security Project, Worldwatch institute
- Prof. James Gustave Speth, Vermont Law School

6 p.m. – 8 p.m.	**Reception in honour of participants: West Terrace Delegates Dining Room**

FRIDAY, 20 NOVEMBER

10 a.m. – 1:00 p.m. Session III
Addressing the social impact of the crisis: safety nets, public goods, and workers' rights

The global recession has also exposed many gaps in social policy that eventually helped magnify the impact of the crisis on vulnerable populations. Addressing those gaps should be part of the response to the crisis both as a matter of human welfare and as a sensible macroeconomic strategy in its own right. With this concern in mind, the outcome document of the United Nations conference called, intern alia, "for the mobilization of additional resources for social protection, food security and human development." More generally, identifying such gaps more quickly to protect the most vulnerable should be an essential part of future crisis prevention efforts. In this regard, the UN is putting in place a Global Impact and Vulnerability Alert System.

From this perspective, the need for safety nets (such as unemployment insurance, public pension plans and health care services) has helped reframe the role of government from a provider of last resort to a more active provider of public goods. Taken together, safety nets and public goods (education, clean environment etc.) help curb growing inequalities, which was an important underlying condition to the crisis. An overly skewed income distribution was in fact one key reason why many countries could not rely on internal demand to sustain their economies and has even contributed to global imbalances in capital flows and trade patterns. At a minimum, addressing this issue will require a new drive to protect workers' rights so as to restore their bargaining power and allow them to earn a fairer share of the economic pie. In many countries, reducing economic inequalities will require the enactment of legal provisions to grant the poor entitlement to their land and other productive assets.

<u>Leading questions</u>:
- Are social protection reforms following the crisis sufficiently long-range or are they too focused on stop-gap solutions?
- Have national stimulus packages in developed countries contributed to the World Bank's proposed vulnerability fund to help developing countries address the worst effects of the crisis on the poor?
- What are the legal standards and economic conditions that countries need to strive for in order to protect the rights of workers and ensure a fairer wealth distribution?
- What are the stumbling blocks, political as well as economic, to the legal empowerment of the poor?

<u>Discussants:</u>
- The Honorable Mr. Max Sisulu, Speaker of the National Assembly of South Africa
- Ms. Geraldine Fraser-Moleketi, Director of the Democratic Governance Group, United Nations Development Programme
- Ambassador Gert Rosenthal, Permanent Representative of Guatemala to the United Nations
- Mr. Martin Kohr, Executive Director, South Centre

- Mr. Charles Abbey, Vice President (Ghana), International Council for Social Welfare

3 p.m. – 5 p.m.	**Session IV**
Building greater transparency and accountability of financial systems	

The immediate causes of the global crisis originated in the financial sector and provided a vivid illustration of the growing divide between finance and the real economy over the past twenty years. A lack of adequate regulation and oversight of financial markets and in the industry in general led to the assumption of too much risk by both operators and consumers alike. The response to the crisis then must be more than at the level of economic policy: it must lead to new rules for financial institutions. As governments pledged in June at the United Nations, *"there is a critical need for expanding the scope of regulation and supervision…at all levels to ensure the needed transparency and oversight of the financial system."* In the same vein, governments have pledged to fight illicit financial flows, enforce basic common standards of regulation across different tax jurisdictions and financial centers, and generally provide for more consumer protection.

The crisis has also highlighted deficiencies in the governance of the international financial and economic system and architecture. In this context, the June UN conference made a number of recommendations regarding key players in the system, including the G20, the Bretton Woods institutions, regional development banks and standard setting bodies. Notably, the need was expressed to push ahead with reforms in the governance of the Bretton Woods institutions (by 2010 for the Bank, and by 2011 for the IMF) so that developing countries and emerging economies would acquire a stronger voice and fairer representation. . Governments have agreed that the IMF's surveillance role must become more even-handed between developed and developing economies. On the question of conditionality, the IMF is encouraged to support pro-cyclical economic policies to help counter the crisis in developing countries and to abandon overly stringent economic conditionality. The World Bank is also reviewing its policies to ensure that loans to developing countries come with fewer strings attached. .

Leading questions:

- What common regulatory standards should apply to major finance industry operators around the world?
- What are some of the best practices to curb financial speculation and its attendant risks to the economy?
- Do proposed changes at the Bank and the Fund go far enough?
- To what extent are parliaments debating these issues and what are some of the best illustrations of successful oversight of both domestic industry and international financial institutions?

Discussants*:*

- Representative Gregory Meeks, Chair of the House Sub-Committee on International Monetary Policy and Trade, United States Congress
- Mr. Peter Stephens, Director of Operational Communications, External Affairs Vice-presidency, World Bank
- Ambassador Jorge Argüello, Permanent Representative of Argentina to the UN
- Ms. Jo Marie Griesgraber, Executive Director, New Rules for Global Finance

5 p.m. – 6 p.m.	**Summary reports: conclusions and recommendations**