

INTERVENTION ON INTERNATIONAL FINANCIAL CRISIS

**Dr. Paul Oquist, Minister,
Private Secretary for
National Policy, Presidency,
Republic of Nicaragua**

Mr. Chairman-

The Great Recession should not be considered to be over because the Financial Services Sector has regained profitability or the GDP of some countries is positive for two successive quarters, but rather when the jobs lost and the number of persons pushed into poverty and hunger have been reverted.

With regard to the MDGs, exhortations for the developing countries to allocate more resources and/or for an increase in ODA of about 40% in the next five years will not solve the problem, especially in LDCs and highly indebted poor countries. What could provide fast and effective resources would be a US\$250 billion Special Drawing Rights emission for MDGs, such as that successfully undertaken in 2009 to increase global liquidity

I fully agree with Mr. Canuto that the current policy debate can be characterized as "groping to find a an appropriate path" although perhaps the situation could better be described as "paths" in plural because the counter-cyclical stimulus needed to avoid the double dip

recession is not a policy that can be easily reconciled with the pro-cyclical policy of giving the first priority to fiscal austerity for the purpose of reducing sovereign debt.

Global problems require global solutions, as was mentioned by the distinguished delegate from Indonesia, but political impasse affects short-term economic policy and middle term reform proposals. This is also the case with the protracted inability to reach a trade agreement within the Doha framework and a climate change agreement within the framework of Kyoto and Bali, as well as the Law of the Sea and other critical policies.

Perhaps the multiple impasses indicate that we are in the presence of more than a lack of political will and political deadlock, but rather a structural crisis, of the model of growth itself, as was mentioned by the Deputy Minister of Foreign Relations of the Russian Federation.

This is the case because globalization has been too fast, the market has become too dominant, the State has become too weak, regulation too impotent, speculation too profitable, the virtual over real economy too multiple, financial capital too hegemonic, investment too short-term, monetary supply too astronomic, the reserve currency too undisciplined, debt too

staggering, trade imbalances too chronic and political power too concentrated. These ills are interrelated through various vicious circles. The conclusion of this analysis is that globalization without global institutions is leading the world into chaos.

The deep restructuring necessary to solve our structural problems are not even on the 2010 policy agenda. There is a consensus on the need for multilateralism in the search for solutions but G-7 or G-20 should not be confused with multilateralism. Those organizations are absolutely ad hoc and have no legal status whatsoever. They are also anti-democratic in that they consist of the richest and most powerful meeting to decide what is best for everyone, including the poor. This is not a situation that would be accepted as democracy in any of our nations, so why should we accept this at the international level?

The fora where multilateral solutions may be found are the United Nations General Assembly and ECOSOC. Given the current policy and structural reform vacuum, there is a need for a more proactive role for the G-192, the General Assembly and ECOSOC. This is a most difficult task but the longer it takes to come to terms with the structural problems that underlie the multiple crises, the longer it will take to find solutions and the greater will be the costs we pay in negative consequences.