



The President
of the
General Assembly

Doha, 28 November 2008

Excellencies,

I have the honor of submitting for your review a set of documents relating to the establishment of a Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System. This new Commission will be launched on 29 November at the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus in Doha.

The attached documents include a statement from the Chairman of the Commission, Professor Joseph Stiglitz in which he underscores the role of the international community as a whole in the development of institutions and instruments for increasing the stability and equity of the global financial system. The Commission aims to help ensure that international community responds adequately to the current global financial crisis and begins implementing necessary long-term reforms to have a more stable and prosperous global economy.

In addition, the Terms of Reference provide information on the composition of said Commission of Experts, outline its scope of work and describe a process for carrying out its work, including at least three formal meetings, and producing a final report. The final report will be disseminated as part of a larger United Nations General Assembly initiative to achieve the needed reforms. A list of the approximately 20 members of the Commission confirmed to date is also included.

I am confident that this Commission will be of invaluable assistance to the General Assembly in its efforts to organize its response to the current crisis in an open, inclusive, coherent manner. In this way, the Assembly can contribute to innovative, long-term solutions that benefit all of our Member States.

Please accept, Excellencies, the assurances of my highest consideration.

Miguel d'Escoto Brockmann

All Permanent Representatives and
Permanent Observers to the United Nations
Doha, New York



Office of the President
63rd Session of the General Assembly

TERMS OF REFERENCE
COMMISSION OF EXPERTS OF THE PRESIDENT OF THE
UNITED NATIONS GENERAL ASSEMBLY ON REFORMS OF THE
INTERNATIONAL MONETARY AND FINANCIAL SYSTEM

Background

The breakdown of the Bretton Woods system in the early 1970s, has been followed by a period of financial market liberalization and deregulation, by a surge of private capital flows and by the increasingly global reach of financial institutions. Even so, no institutions have emerged at the international level to prevent excessive risk taking in cross-border lending and investment, reduce systemic failures or address regulatory rules for creditors and debtors, including financial institutions. In fact, conventional wisdom has maintained by cutting back restrictions on capital movements at the national and international levels. A more stable and more efficient financial system would emerge, of particular benefit to developing countries.

The experience has been rather different. Excessive financial liberalization has created a world of global macroeconomic imbalances and recurrent crises. Until recently, the real damage from those crises was, to a large extent, confined to emerging markets. That has now changed, and in a dramatic way. A financial crisis, originating in the most advanced countries and on a scale not seen since the 1930s, is currently unfolding. Over the past few weeks, several major financial institutions in the United States and Europe have failed and stock markets have plummeted and become highly volatile. Especially in the United States, inter-bank lending has declined sharply. Retail businesses and industrial firms, large and small, find it increasingly difficult to obtain credit as banks have become reluctant to lend, even to longtime customers. The response has been state intervention, including the nationalization of financial assets, on an unprecedented scale.

The crisis has become global. Even emerging markets and less developed countries that have managed their economy well, resisted bad lending practices, did not purchase toxic mortgages, and did not allow their banks to engage in excessive risk taking through derivatives, have become embroiled. Any global solution—short term measures to stabilize the current situation and long term measures to make another recurrence less likely—must pay due attention to impacts on all countries. Without doing so, global economic stability cannot be restored.

Ten years ago, at the time of a series of financial crises in emerging markets, there was much discussion of the necessity of reforms to the global financial architecture. Little—too little, it is now evident—was done. It is imperative that we do not only respond adequately to the current crisis, but also begin making the long term reforms necessary to have a more stable and prosperous global economy.

Composition of the Commission

On 18th October, the President of the General Assembly, Miguel D'Escoto Brockmann, announced his intention to establish a taskforce of experts to review the workings of the global financial system, including major bodies such as the World Bank and the IMF, and to suggest steps to be taken by Member States to secure a more sustainable and just global economic order.

The membership of the Taskforce –now Commission– has been chosen based on the need to include experts with a full understanding of the complex and interrelated issues raised by the workings of the financial system, with a strong grasp of the strengths and weaknesses of existing multilateral institutions, and with a sensitivity to the particular challenges faced by countries from different regions of the world and at different levels of economic and social development.

In addition to the Chair, Professor Joseph Stiglitz (USA), members have been drawn from Japan, Western Europe, Africa, Latin America, South and East Asia.

The rapporteur will be Mr. Jan Kregel (former UNDESA staff; now University of Kansas and the Levy Economics Institute of Bard College).

Scope of the Commission Work

The Commission will seek to identify the broad principles underlying needed institutional reforms required to ensure sustained global economic progress and stability which will be of benefit to all countries, developed and less developed. The Commission will suggest a range of credible and feasible proposals for reforming the international monetary and financial system in the best interest of the international community, identify the merits and limitations of alternatives, and will evaluate in particular those that are at the center of current global discussions.

The Commission will be free to address whatever issues -- of an analytical, institutional or policy nature -- it believes are necessary for advancing the reform of the international financial architecture. A more detailed agenda will be established by the President of the GA.

In its deliberations, the Commission will also bear in mind that in an interdependent world, multilateral rules and regulations in trade, debt and finance will have to be mutually reinforcing if they are to underpin financial stability as well as sustainable and equitable development.

If reforms to the existing architecture are to be credible, they must provide for open and inclusive discussion among the broad range of stakeholders in the international community. The President recognizes that while the discussions of the Commission will need to focus on the specific challenges posed by financial instability, reform of the financial system should not be seen as an isolated endeavour but, where appropriate, must be linked to other challenges facing the multilateral system including climate change, peace and security, poverty reduction and the elimination of hunger. Adjustments to deal with the immediate crisis must not be made at the expense of the poor and the vulnerable, while their needs and interests must be fully considered in any proposals for long-term reform.

Process for Producing the Report

The Commission will hold at least three formal meetings to discuss the issues and to begin drafting the report. At the same time, it will solicit comments and suggestions from a wider body of interested stakeholders including policymakers and government officials, representatives of international agencies, academics and members of civil society. Together, these deliberations and inputs will feed into a final report. The report will be published and distributed to member states, other involved parties and the wider public as part of a larger United Nations General Assembly initiative to achieve the needed reforms. A website will be established to promote the work of the Commission.

Timeline

The first plenary session will be held in the New York City 5-6 January 2009 and the second session in Geneva 9-10 March 2009, for two day long sessions. The third and final meeting will be held at the UN HQ in New York to discuss the draft of the report in the spring. The President of the General Assembly plans to distribute the final report to Member States in April, at which point it will also be launched publicly at press conferences in a number of locations world wide.



Office of the President
63rd Session of the General Assembly

**MEMBERS OF THE COMMISSION OF EXPERTS OF THE PRESIDENT
OF THE UN GENERAL ASSEMBLY ON REFORMS OF THE
INTERNATIONAL MONETARY AND FINANCIAL SYSTEM**

1. **Mr. Joseph Stiglitz** (USA) (Chairman) Nobel Prize in Economic Sciences (2001). Former Senior Vice President and Chief Economist of the World Bank.
2. **Mr. Jean-Paul Fitoussi** (France) Professor of Economics at the Institut d'Etudes Politiques de Paris since 1982. Currently President of the Scientific Council of the Institut d'Etudes Politiques de Paris and President of the Observatoire Français des Conjonctures Economiques.
3. **Mr. Charles A. E. Goodhart** (UK) Norman Sosnow Professor of Banking and Finance, London School of Economics. Former Chief Advisor to the Bank of England and member of its Monetary Policy Committee.
4. **Mr. Pedro Páez** (Ecuador). Minister of Economic Policy Coordination.
5. **Mr. Roger W. Ferguson, Jr.** (US) Former Member and Vice Chairman of the Board of Governors, Federal Reserve System (1997 to 2006).
6. **Mr. Jomo Kwame Sundaram** (United Nations) Assistant Secretary-General for Economic Development, United Nations Department of Economics and Social Affairs.
7. **Mr. José Antonio Ocampo** (Colombia) Former UN Under-Secretary-General for Economic and Social Affairs and Finance Minister, Colombia. Currently Professor, School of International and Public Affairs, Columbia University.
8. **Mr. Avinash Persaud** (Barbados) Chairman of Intelligence Capital Limited. Member of council, London School of Economics. Founding director of the Global Association of Risk Professionals.
9. **Mr. Yaga Venugopal Reddy** (India) Former Governor of the Reserve Bank of India.
10. **Ms. Zeti Akhtar Aziz** (Malaysia) Governor and Chairman, Central Bank of Malaysia.
11. **Mr. Eisuke Sakakibara** (Japan) Former Vice Minister of Finance for International Affairs. Currently Professor at Waseda University, Tokyo.
12. **Mr. Chukwuma Soludo** (Nigeria) Governor, Central Bank of Nigeria.
13. **Mr. Yu Yongding** (China) Director, Institute of World Economics and Politics, Chinese Academy of Social Sciences. Former Member of Monetary Policy Committee, People's Bank of China.
14. **Mr. Yousef Boutros Ghali** (Egypt) Minister of Finance. Chair of the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund.
15. **Mr. Rubens Ricupero** (Brazil) Former Secretary-General of UNTACD. Former Minister of Finance of Brazil.

Rapporteur

Mr. Jan Kregel. Former UNDESA staff; now University of Kansas and the Levy Economics Institute of Bard College.

**STATEMENT FROM THE CHAIRMAN OF THE COMMISSION OF EXPERTS
OF THE PRESIDENT OF THE UN GENERAL ASSEMBLY ON REFORMS
OF THE INTERNATIONAL MONETARY AND FINANCIAL SYSTEM
FOR THE LAUNCH OF THE COMMISSION IN DOHA, 29 NOVEMBER 2008**

I am sorry that I was not able to join you in Doha. This unprecedented global financial and economic crisis requires an unprecedented global response. It requires a response not just from the G-7, G-8, G-10, or G-20, but from the entire international community, the G-192. This gives especial importance to this initiative of the President of the General Assembly, which has received so much support from around the world. I am particularly pleased at the quality and diversity of the group of experts that he has been able to assemble. This will help ensure that the interests, concerns, and perspectives not only of the richest countries and the rapidly growing emerging markets and those in the financial markets are heard, but also those of the poorest countries and those from all sectors of the economy. In our work, we hope to draw upon the expertise of the best scholars and practitioners from all over the world.

The current financial crisis, which began in the U.S., then spread to Europe, has now become global. Even emerging markets and less developed countries that managed their economy well, resisted the bad lending practices, held high levels of foreign exchange reserves, did not purchase toxic mortgages, and did not allow their banks to engage in excessive risk taking through derivatives are likely to become embroiled and to suffer as a result. *Any global solution—short term measures to stabilize the current situation and long term measures to make another recurrence less likely—must pay due attention to impacts on these countries.* Without doing so, global economic stability cannot be restored and economic growth, as well as poverty reduction worldwide will be threatened.

The current economic crisis should provide an opportunity to reassess global economic arrangements and prevalent economic doctrines. Large changes have occurred in the global economy in recent years, e.g. in the sources of global savings, reserves and GDP, and these are not fully reflected in our global economic institutions and arrangements. As we address the short run crisis, we should seize the opportunity for making deeper reforms that enable the world to enter into the twenty first century with a more equitable and a more stable global financial system, which could usher in an era of enhanced prosperity for all countries.

In the past, the global financial system often worked to the disadvantage of developing countries. Banks in developed countries, for instance, were encouraged to lend short term to developing countries; while this provided greater liquidity to the former, it led to greater instability in the latter. Pro-cyclical monetary and fiscal policies were often foisted on developing countries, while developed countries followed countercyclical policies. *The international community must commit itself to developing the institutions and instruments for increasing the stability and equity of the global financial system.*

Part of the reason for the failure to create a stable and equitable system are long recognized problems in global governance. There is inadequate and in some cases no representation of emerging markets and less developed countries. *There needs to be reform in the governance of the international economic institutions and standard setting bodies, like the Basle Committee on Banking Regulation.*

While discussions among informal groupings of countries will necessarily play an important role in developing a global consensus on key and complex issues, decision making must reside within international institutions with broad political legitimacy, and with adequate representation of both middle income countries and the least developed countries. The only institution that currently has that broad legitimacy today is the UN. Historically, the UN has played a central role, e.g. in convening the "United Nations' Monetary and Financial Conference," at Bretton Woods which established the Bretton Woods Institutions.

This expert group is devoted to helping the U.N. fulfill its historic mission. The Commission will seek to identify the broad principles underlying needed institutional reforms required to ensure sustained global economic progress and stability which will be of benefit to all countries, developed and less developed. The Commission will suggest a range of credible and feasible proposals for reforming the international monetary and financial system in the best interest of the international community, identify the merits and limitations of alternatives, and will evaluate in particular those that are at the center of current global discussions.

This will, of course, be one of several similar efforts going around the world, a global conversation on a topic of immense complexity. This Commission is, however, the only one with its breadth of vision and representation. We will, of course, try to learn what we can from these other efforts.

It is my hope that this Commission will help the UN and the leaders of the countries of the world respond to the crisis in as thoughtful and informed way as possible. If we succeed, we will, at the same time create conditions for sustained prosperity for all countries and poverty eradication everywhere for the coming decades.

We look forward to working with all of you in this important endeavor.

Joseph E. Stiglitz
Chairman