

11 September 2009

**Statement of Mr. Miguel d'Escoto Brockmann,
President of the 63rd Session of the General Assembly,
at the First Meeting of the Ad Hoc Open-Ended Working Group to
Follow-Up on the United Nations Conference on the World Financial
and Economic Crisis and Its Impact on Development**

Excellencies,

Just one year ago, as we were preparing for the transition to the 63rd Session of the United Nations General Assembly, news came that the U.S. government was taking over Fannie Mae and Freddie Mac, the two gigantic mortgage banks, in order to prevent a global financial meltdown. A few days later it was revealed that insurer AIG would also need a huge bailout, and then, during the weekend that followed, the giant investment house, Lehman Brothers, failed. Suddenly, the world stared into the abyss of total, global economic freefall.

Heroic measures soon followed that, over weeks and months, prevented the world from plunging into economic collapse. But today we still confront the effects and the risks associated with the worst economic crisis since the Great Depression and the World War that arose from it.

On Monday, the United Nations Conference on Trade and Development released its flagship annual review, the Trade and Development Report 2009. And Tuesday, Mr. Heiner Flassbeck was here in New York to brief Member States and the press on the results of the latest evidence on the status of global economic recovery.

One large question is on everyone's minds: Are we on the path toward sustainable recovery, or are we facing a serious risk of second downward trend once the effects of more than \$18 trillion in bailouts, guarantees, and stimulus have been fully absorbed?

Unfortunately, the best – and also the worst – that can be said, according to UNCTAD's analysis, is that we simply don't know. The path we are on closely mimics the pattern of the Great Depression, which saw a substantial recovery of world markets and prices before a second, deeper and more pernicious downward trend set in.

UNCTAD's analysis also reveals a worrisome disjuncture between the world of financial statistics, which show substantial upward progress, and the continuing decline in employment and wages worldwide, especially in the developed countries.

It is particularly revealing that prices in nearly all tradable financial instruments have moved in lockstep across the globe since March of this year.

This suggests that most of the stimulus is finding its way into financial speculation, rather than productive investment. The frightening implication is that we are witnessing the emergence of what the great economist John Maynard Keynes called a “liquidity trap” – a situation in which financial easing on any scale fails to persuade private economic actors to take risks and expand their economic activities.

It is against this background that I am very pleased today to convene the first meeting of the ad hoc Open-Ended Working Group on the follow-up to the United Nations Conference on the World Financial and Economic Crisis and its Impact on Development, which took place here on June 24-30.

That Conference, the process of preparation, and its Outcome were all historic events that served not only to open up the global dialogue on the necessary response to the crisis, but also reaffirmed the indispensable role of the General Assembly – the G192 – as THE legitimate forum for truly global, and therefore legitimate, discussion and decision on the vital issues of both global crisis response and deep structural reform of the world financial and monetary architecture.

Two points stand out from this process so far. First, it was established that a process that is led by and engages Member States cannot be excluded from taking up any subject that the member states themselves deem as appropriate and necessary.

This is essential: The issue of the competency of the United Nations is the issue of the competency of its Member States. We have decided that the Member States – all of us – are not only competent, but have a solemn duty to acknowledge and act upon our responsibility to rebuild our global financial and economic system anew.

Second, the June Conference and its Outcome were first steps toward the revitalization of the General Assembly’s Charter-defined role in leading the global community’s stewardship of our global economy and ecology. Our work, accordingly, is far from completed; the heavy lifting of working out effective solutions to the many issues identified in the Outcome remains to be carried out.

I am very pleased today to introduce the Co-chairs of the ad hoc Open-ended Working Group on follow-up to the United Nations Conference on the World Financial and Economic Crisis, H.E. Lazarous Kapambwe of Zambia and H.E. Morten Wetland of Norway. Leadership of this Working Group is an honor bestowed upon colleagues who have earned our confidence and trust, but also, almost certainly, a tremendous burden as the issues we must face are among the most challenging of our time.

I pray for the success of our Co-chairs and indeed of all Member States participating in this process. In a very real sense, the fate of our world rests in your hands.

God bless and Godspeed to all.