

Nobel-winning economist says UN best suited to oversee global economic overhaul



Nobel Laureate Joseph E. Stiglitz at UN Headquarters in February 2009

21 August 2009 – The United Nations is the only institution with the legitimacy to oversee democratic reforms of the global economic system to pull the world out of the current recession, Nobel prize-winning economist Joseph Stiglitz said today.

The UN has a crucial role to play in addressing the roots of the downturn and in reshaping the global economy into a more fair and sustainable system, he said at the UN Economic and Social Commission for Asia and the Pacific (**ESCAP**) in Bangkok, Thailand.

“As this is a global crisis, a small group of industrialized countries are ill-equipped to deal with it,” he said.

“There are 192 countries in the world, [and] 20 is a small percentage,” he added, referring to the so-called Group of 20 (G20) industrialized countries. “Obviously what is necessary to respond to the crisis is not a G20 but a G192.”

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The economic system prior to the current crisis – characterized by excessive financial deregulation coupled with massive consumption financed by debt – is unsound and must be reinvented, Mr. Stiglitz said.

“As we think about this crisis – and we think about the world that will come after it – we should think about how we can create a global economic architecture which works better, for more people, in a more sustainable way.”

Protectionist practices, although they may benefit nations in the short-run, can slow global recovery, and any successful response to the crisis requires paying closer attention to the needs of developing countries, said Mr. Stiglitz, who chairs the UN Commission of Experts on Reforms of the International Monetary and Financial System.

Earlier this year, that group called for the drastic overhaul of international finance structures, urging wealthier nations to direct one per cent of their economic stimulus packages to help developing countries address poverty. It also underlined the importance of setting up an elected and representative Global Economic Coordination

Council, as part of the UN, to meet annually at the head-of-State level to assess development.

"We've now created a global economy but we haven't created the institutions to make that economy work," Mr. Stiglitz, winner of the 2001 Nobel Prize in Economic Sciences and professor at Columbia University in New York, said today.

Also addressing today's event on the "UN System and the economic crisis: towards a new global financial and economic architecture" was ESCAP Executive Secretary Noeleen Heyzer, who also appealed for developing nations to have a greater say in reshaping globalization.

In Asia and the Pacific, an agenda for inclusive and sustainable development that is "about bringing economic, social and ecological balance in an integrated whole to address various development deficits and inequalities facing our region is essential, she said.

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