

HOLY SEE ON POVERTY REDUCTION

"We Cannot Wait for a Definitive and Permanent Recovery of the Global Economy"

NEW YORK, MARCH 25, 2010 ([Zenit.org](http://www.zenit.org)).- Here is the address Archbishop Celestino Migliore, the Holy See's permanent observer at the U.N. offices in New York, delivered Wednesday before the Fourth High-level Dialogue on Financing for Development under the theme "The Monterrey Consensus and Doha Declaration on Financing for Development: Status of Implementation and Tasks Ahead" of the 64th session of the U.N. General Assembly.

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Mr. President,

The devastating impact of the recent financial crisis on the world's most vulnerable populations has been highlighted in almost all the interventions made so far in this General Assembly because it really is a concern shared by governments and citizens all over the world. Indeed, the dark shadow of this crisis is likely to frustrate efforts made so far to help reduce poverty and only add to the skyrocketing numbers living in extreme poverty.

At the same time, the current economic crisis has also given rise to unprecedented international political cooperation, evident in the three successive high-level G-20 meetings in Washington, London, and Pittsburgh during 2009. These meetings were able to reach agreement on emergency measures to reignite the world economy, including fiscal and monetary stimulus packages that have prevented a global catastrophe. Overall, the G-20 deliberations have received the moral support of most UN members, even recognizing the low ratio of member participation in them.

Nevertheless, the stabilization of some economies, or the recovery of others, does not mean that the crisis is over. Moreover, there is a general perception about the lack of sound political and economic foundations needed to ensure longer-term stability and sustainability of the global economy. Indeed, the whole world economy, where countries are highly interdependent, will never be able to function smoothly if the conditions that generated the crisis persist, especially when fundamental inequalities in income and wealth among individuals and between nations continue.

Against this background, my delegation underscores the view that we cannot wait for a definitive and permanent recovery of the global economy to take action. A significant reason is that the re-activation of the economies of the world's poorest people will surely help guarantee a universal and sustainable recovery. But the most important reason is the moral imperative: not to leave a whole generation, nearly a fifth of the world's population, in extreme poverty.

There is now an urgent need to reform, strengthen and modernize the whole funding system for developing countries as well as UN programs, including the specialized agencies and regional organizations, making them more efficient, transparent, and well coordinated, both internationally and locally. In the same vein, the crisis has highlighted the urgent need to proceed with the reform of the International Monetary Fund (IMF) and World Bank, whose structures and procedures must reflect the realities of today's world and no longer those of the post World War II period.

As pointed out in the Doha Declaration, of December 2008, a reformed IMF should be able to accomplish fully its original mandate of stabilizing currency fluctuations and ought to be provided with mechanisms for preventing financial crises. The functions of the Financial Stability Forum (FSF) would acquire greater legitimacy if they were developed in close collaboration with the Fund and other relevant UN bodies, such as UNCTAD. The international community, through its appropriate bodies, such as the IMF, the FSF and others, should be able to make proposals to improve banking regulations. It should be able to identify and define the capital requirements for banks, liquidity requirements, transparency measures, and accountability standards for the issuance and trading of securities. Equally important are the regulatory norms for the para-banking activities and control of rating companies. We would do well not to wait for consensus on all these issues but move ahead in areas where there is already broad consensus, such as uniform international accounting standards.

On the other hand, the international community, through the World Bank and relevant multilateral agencies, should continue to give priority to the fight against poverty, particularly in LDCs. In this context, as part of the emergency measures of developed countries to address the crisis, contributions to the World Bank destined to fight extreme poverty should have highest priority. Although the financial crisis made it necessary to increase aid to middle income countries through the International Bank for Reconstruction and Development (IBRD), the World Bank must continue to give priority to loans under the International Development Association (IDA), which assists low income countries and provides resources for food security.

To this end, we must continue to review the distribution of voting rights in both these financial institutions so that emerging economies and developing countries, including LDCs, are duly represented. Similarly, it may be desirable to introduce, at least for key decisions, 'double majority' approval, so that decisions are made not only according to quotas but also on the basis of a numerical majority of countries.

Mr. President,

At the end of World War II, the international community was able to adopt a comprehensive system that would ensure not only peace but also avoid a repetition of global economic disruption. The institutions that emerged from the Bretton Woods Conference in July 1944 had to ensure the launching of a process of equitable economic development for all. The current global crisis offers a similar opportunity requiring a comprehensive approach, based on resources, knowledge transfer and on institutions. To achieve this, all nations, without exception, need to commit themselves to a renewed multilateralism.

At the same time, the effectiveness of measures taken to overcome the current crisis should always be assessed by their ability to solve the primary problem. We should not forget that the same world that could find, within a few weeks, trillions of dollars to rescue banks and financial investment institutions, has not yet managed to find 1% of that amount for the needs of the hungry - starting with the \$3 billion needed to provide meals to school children who are hungry or the \$5 billion needed to support the emergency food fund of the World Food Program.

Thank you, Mr. President.

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