

Canadian Group
Inter-Parliamentary Union



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Union interparlementaire

**Report of the Canadian Parliamentary Delegation
to the Parliamentary Conference on the
Global Economic Crisis**

Canadian Group of the Inter-Parliamentary Union (IPU)

**Geneva, Switzerland
May 7 and 8, 2009**

Report of the Canadian Parliamentary Delegation to the Parliamentary Conference on the Global Economic Crisis

Organized by the Inter-parliamentary Union

1. Background

The Parliamentary Conference on the Global Economic Crisis was organized on the initiative of the Inter-Parliamentary Union to educate parliamentarians on the current economic upheaval and to give them the opportunity to meet with highly qualified experts and benefit from their knowledge. Another objective of the conference was to develop ideas for a parliamentary strategy.

2. Agenda and main themes of the Parliamentary Conference on the Global Economic Crisis

The Parliamentary Conference on the Global Economic Crisis, held at the Palais des Nations in Geneva, had a full and ambitious agenda. It was not only an opportunity for parliamentarians to hear from experts and discuss among themselves many aspects of the present situation, but also to talk about ways in which the economic and financial system could emerge from the crisis on a better footing for the future. The first day, the conference focused on how the crisis came about and on ways to reduce its impact and curb social recession. The parliamentarians also focused on ways to look for new growth and stability and mitigate the impact of the crisis on development. On the second day, time was spent mainly on reform of the international financial system, followed by a discussion on how to involve parliamentarians in finding solutions. Beforehand, the participants looked at gender aspects of the economic crisis. Here is a summary of the themes addressed at the various interactive panel discussions:

- Cascading failures: the genesis of the crisis
- Macroeconomic policies to stimulate the global economy
- Creating jobs and warding off social recession
- Finding a new path to stability and growth: conclusions of the G20
- Mitigating the impact of the crisis on development
- Gender aspects of the economic crisis
- Reform of the international financial system
- Elements for a parliamentary strategy

No formal outcome document was produced at the close of the conference proceedings, other than a closing statement (see Appendix) by the president of the conference, Dr. Theo-Ben Gurirab. However, a full report and summary of the debates and presentations should be available in the next few weeks.

3. The Canadian delegation

Approximately 250 parliamentarians from some 80 countries took part in the conference, including three Canadian parliamentarians. The Honourable Michel Rivard, Senator represented the Senate and the Honourable Keith Martin, M.P. and Jean-Yves Laforest, M.P. represented the House of Commons.

4. Highlights of the proceedings

The current economic and financial crisis is affecting all nations. The conference participants therefore stressed the need for global regulation. A number of parliamentarians, especially those from the least developed nations, emphasized the need to inject more money into the global financial system to stimulate economic growth, with many countries dealing with serious problems involving the balance of payments. Participants said that the International Monetary Fund (IMF) was in need of reform and increased funding. Lastly, the parliamentarians highlighted that the global financial system was in need of anti-cyclical measures. A new global currency based on a new currency basket was also discussed.

The first speaker, Jeffrey D. Sachs (Director of the Earth Institute, Columbia University), started his talk by saying that the current crisis originated from a financial situation. It was the result of an expansionary monetary policy, lack of regulation of the financial markets and a system that was generating a succession of speculative bubbles.

Mr. Sachs recalled that little had been done in terms of fulfilling the many promises to help the least developed countries. He reiterated the fact that the Millennium Development Goals were very important and stressed that developed countries must live up to their Gleneagles commitments. Lastly, he said that it was important not to create a new speculative bubble while coming out of the crisis. He promoted a *green recovery* based on massive public investment in green technologies.

From the Canadian point of view, discussions on upcoming developments in terms of reforming global economic institutions and the international financial system were among the most interesting aspects of this conference on the global economic crisis. Jan Kregel, Chief Rapporteur, Commission of Experts of the President of the UN General Assembly on the Reform of the International Monetary and Financial System presented the key areas for future reform. The highlights are described below.

A new global fund

- The current system does not provide effective mechanisms to mobilize the funds available in countries that have accumulated vast foreign exchange reserves.
- There are many options to complement the use of resources from the fund. First, there is an urgent need to deal with problems related to balancing payments and financing government budgets in order to increase developing countries' capacities for anti-cyclical fiscal expenditures.
- Second, resources from the fund could be invested in key sectors where emerging economies have a particular interest, such as developing export agriculture in Africa combined with food security in Asia and the Arab countries.

- Another possibility is to use the fund to help developing countries finance export loan guarantees or guarantee the debt of certain companies in order to reassure investors.
- The establishment of this fund must be backed by a new governance structure reflecting new sources of global financing and the need to give more prominence to emerging countries, creditor nations and recipient countries.
- Existing institutions such as the World Bank or the regional development banks could oversee this new fund or it could be established within new institutions.
- The fund could be managed regionally.

A new international reserve currency

- The global imbalances that played an important role in the development of the crisis can be eliminated only if the global economic risks related to the current system, which is causing a large accumulation of foreign exchange reserves by some countries, are better managed.
- The magnitude of the crisis and the shortcomings of the international response may motivate even further accumulations, contributing to deflationary pressures, thereby reducing prospects for a robust economic recovery.
- The difficulties of using a national currency as the single international reserve currency are well known.
- There are some solutions within a global foreign exchange reserve system.
- Such a system could be based on an expanded role for the special drawing rights (SDRs), with regular or cyclical emission of these rights according to the size of foreign exchange reserve accumulations.

Council for the coordination of global economic policy

- Establishment of a new council at an authority level equivalent to that of the General Assembly and the Security Council.
- This global economic council should meet at least once a year at the Heads-of-Government level to assess developments and provide leadership in dealing with economic, social and environmental issues.
- The council would promote consistent objectives in the policies of key international organizations.
- It would encourage consensus-building among governments on effective solutions for economic and governance issues.
- The council could also promote accountability and responsibility in all international economic organizations, identifying gaps that need to be filled to ensure the efficient operation of the global economic and financial system, while helping to produce a work plan to reform the system.
- The global economic council would be supported in its work by an international panel of experts.

- Representation would be based on a constituency system and all continents and all major economies would be represented.
- International institutions such as the World Bank, the IMF, the World Trade Organization, the International Labour Office and the United Nations Secretariat offices in charge of economic and social issues would provide technical support and participate on the council.
- The global economic council could become a democratic alternative to the current G20.

International panel of experts

- It would be desirable to put in place a panel, under the auspices of the United Nations, to independently analyze global economic issues, including social and environmental dimensions. The Intergovernmental Panel on Climate Change could serve as a model.
- The panel's mandate would be to offer advice to the General Assembly, the Economic and Social Council and the applicable international organizations in order to enhance their capacity to make sound decisions concerning the gaps in the global economic architecture and to assess progress and problems in the functioning of the global economy and social systems.
- The panel's mandate would include actively promoting constructive dialogue between policymakers, the academic world and the relevant major international organizations.
- The panel should consist of internationally known academics, representing all continents, including representatives of social movements.
- The panel should follow, analyze and assess basic trends, key developments and global change affecting all peoples around the globe, identify problems in the global economic and financial system and provide options for coherent international action, and make recommendations for political decision-making processes.

Other institutions

- Mechanism for debt management
- Commission on foreign debt
- International bankruptcy court
- International fiscal cooperation
 - All countries and jurisdictions must comply with international tax rules.
- International agreements to enhance cooperation and transparency in tax matters should be strengthened, including the United Nations Committee of Experts on International Cooperation in Tax Matters, as proposed in paragraph 16 of the Doha Declaration. The United Nations Committee of Experts on International Cooperation in Tax Matters should be transformed into an

intergovernmental body to strengthen its capacity to promote international cooperation in that area.

- A new policy on an oversight mechanism independent of the IMF

5. Participation of the Canadian parliamentarians

The three Canadian parliamentarians attended all of the activities on the conference agenda. The Honourable Keith Martin spoke during the question-and-answer session on the conclusions of the G20 in the context of aid development. He received a resounding round of applause for his plea to bolster communications between parliamentarians, which he said would greatly facilitate achieving concrete results in the field. He suggested sharing business cards and communicating by email. He also stressed building networks of core expertise in public health and education. As examples, he spoke of the work by the Democratic Republic of the Congo with war victims as well as the effort of doctors and of the medicine sent to Zimbabwe.

Conclusion

Well aware of how the economic and financial crisis came about and its impact on the world, it was clear to the Canadian delegation that Canada's economic governance compares favourably to governance in many countries around the world. The delegation observed to what extent Canada's expertise in economic regulation, macroeconomic policy and fiscal responsibility should be shared. Although the architecture of the global economic and financial system is starting to change dramatically, parliamentarians can play a leading role in disseminating expertise and the Canadian philosophy on economic governance.

Respectfully submitted,

The Honourable Donald H. Oliver, Q.C., Senator
President, Canadian Group IPU

Appendix 1

CLOSING STATEMENT BY THE PRESIDENT OF THE CONFERENCE DR. THEO-BEN GURIRAB

Geneva, May 8, 2009

We have had two days of intense and rich discussions. We have examined the causes of the economic crisis, its likely evolution and how best to address it. Our debates have been enriched by several keynote speakers and panellists who have shared their expertise and wisdom with us. We have talked about steps that are needed as a matter of urgency and measures that should follow in the medium and longer term. We have discussed our own role as parliamentarians, and what governments and the international community have to do.

It would not be possible to do justice to all of this in one short and inclusive statement. You will be receiving a comprehensive report with a summary of the debates and presentations in about a month's time. I will therefore concentrate my concluding statement at this stage on a few policy areas on which I believe you have voiced support for action.

First, the immediate solution to the crisis will involve the disbursement of very significant amounts of remedial funding. The economy must be revived, jobs need to be created, the financial system must be repaired, trust has to be re-established, and trade and investment need a major boost. To quote the G20 meeting in London last month, we need to build an inclusive, green and sustainable recovery, and that will require very significant amounts of funds.

The financial and economic crisis has its origins in the most developed economies and much of the early rescue efforts are concentrated in these countries. However, the crisis is affecting all countries and particularly the developing and least developed nations, which bear no responsibility at all for today's crisis. The G20 meeting recognizes that these countries need to be assisted. This means living up to the commitments made on many past occasions.

Second, we have all emphasized the need for greater regulation of the financial sector. There must be much more accountability within and over the banking system than hitherto. Similarly, the credit rating agencies must be regulated and controlled to ensure that the information they produce is not misleading.

Third, employment must be central to the debate. The health of the world economy should not be measured as a function of stock market recovery, but rather in terms of the recovery of job markets, offering employment that provides a basis for survival and which values the dignity of work.

Fourth, much of the discussion centred on the international financial institutions and the need for their reform. It was said that loans provided by the International Monetary Fund should be stripped of the traditional conditionalities and should not be made to the detriment of social welfare. We parliamentarians must contribute to the design of a new system which is better attuned to the deeper aspirations of our citizens. We should

ensure much closer parliamentary interaction with the international financial institutions in a bid to exercise greater parliamentary oversight.

Fifth, we need to recognize that the global financial crisis affects women and men differently, with women hit the hardest. The crisis will at a minimum consolidate entrenched inequalities, but most likely exacerbate them, pushing women even further into poverty. Women are a driving force of our economies, formally and informally, and the solutions to this crisis must therefore build on their potential, recognize their contributions and promote gender equality. In parliament we must make sure that the policies and programs that are developed to address the current crisis take account of gender equality and political participation by women and apply tools such as gender sensitive budgeting.

Contrary to the belief of many, the crisis is reversible. Indeed, it is an opportunity to achieve real progress in our societies, remedying existing inequalities and imbalances, and building new systems based on inclusion, transparency and good governance. We must use our role as the elected leaders of our citizens and communities to sustain the public optimism that this will require.

Colleagues,

The tasks that lie before our governments in bringing a thorough reform to our financial systems and in forging a world that is less crisis-prone, are enormous. As we have seen over the last two days, we as parliamentarians have a major stake in the success of any reform. The best kind of support we can provide to our governments is, in fact, stringent oversight. As the reforms proceed - and they will take years and not months - our people will depend upon us to both keep them fully informed of developments, and to make absolutely sure that their views and aspirations are taken into full account.

Thank you.

Travel Costs

ASSOCIATION	Canadian Group of the Inter-Parliamentary Union (IPU)
ACTIVITY	Parliamentary Conference on the Global Economic Crisis
DESTINATION	Geneva, Switzerland
DATES	May 7 and 8, 2009
DELEGATION	
SENATE	The Honourable Michel Rivard, Senator
HOUSE OF COMMONS	The Honourable Keith Martin, M.P. Mr. Jean-Yves Laforest, M.P.
STAFF	Mr. Philippe Le Goff, Analyst
TRANSPORTATION	\$14,783.21
ACCOMMODATION	\$ 3,815.08
HOSPITALITY	0
PER DIEMS	\$ 2,157.70
OFFICIAL GIFTS	0
MISCELLANEOUS / REGISTRATION FEES	0
TOTAL	\$20,755.99