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### Press Release

### UNESCAP News Services

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## Nobel Laureate Stresses Key Role of UN in Global Financial Architecture

*Joseph Stiglitz speaks at ESCAP in Bangkok*



Bangkok (UN/ESCAP Information Services) -- If recovery from the current global economic crisis is to work for everyone, decisions must be made in a democratic, inclusive manner and the United Nations is the only international institution with the legitimacy to oversee this global reform, according to Nobel laureate Joseph Stiglitz.

The remarks were made as part of Professor Stiglitz's lecture on United Nations System and the economic crisis: towards a new global financial and economic architecture delivered at the United Nations Economic and Social Commission for Asia and the Pacific ([ESCAP](#)) in Bangkok today.

Professor Stiglitz stressed the important role of the UN in addressing the causes of the global downturn, and in helping reshape the global economy into a fairer and more sustainable system.

"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, 20 is a small percentage. Obviously what is necessary to respond to the crisis is not a G-20 but a G-192."

According to the professor, the global economic system as it stood before the crisis – excessive financial deregulation coupled with massive consumption financed by debt – is not a sustainable system and must be reinvented.

"A crisis like this is a time of reflection. It should be clear that there are some major problems in our global financial architecture," he 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."

However, reforming the global economic system must be a global undertaking, Professor Stiglitz added. Many national responses encourage protectionist practices, and – though they may help the individual nation in the short term – can slow global recovery. Any effective global response needs to factor in the international benefits including giving closer attention to the needs



of developing nations.

Professor Stiglitz chairs the UN Commission of Experts on Reforms of the International Monetary and Financial System - often referred to as the Stiglitz Commission - which has been convened to review the workings of the global financial system and to suggest steps to be taken by member states to create a more sustainable and just global economic order in the context of the financial crisis. Among the key recommendations of the commission is the creation of a global economic coordinating council, he told the Bangkok audience.

“We’ve now created a global economy but we haven’t created the institutions to make that economy work,” Professor Stiglitz said. “The global economic coordinating council would highlight those missing elements, make proposals for how to deal with them and hopefully move the agenda forward.”

He also suggested that the proposed council could serve a similar function as the Intergovernmental Panel on Climate Change (IPCC) - raising awareness of what needs to be done for the global economy in the same way as the IPCC has raised international awareness about climate change.



The Professor also discussed the panel’s recommendation to move away from the current global reserve system. Noting that the current system based on the US dollar has collapsed, he stated that it is not a question of if we move to a new global reserve system, but rather if we do it in an orderly fashion.

“There’s a lot of expertise all over the world,” Professor Stiglitz said. “If there was the political resolve, I think it can be done overnight.”

In her remarks Dr. Noeleen Heyzer, UN Under-Secretary-General and Executive Secretary of ESCAP echoed Professor Stiglitz’s views on developing nations being given a stronger voice in reshaping globalization, stressing that this is a policy that ESCAP pursues with its member States.

“ESCAP member States are re-shaping and re-prioritizing the development agenda to adopt a new development paradigm – an agenda for inclusive and sustainable development,” Dr Heyzer said. “Essentially it is about bringing economic, social and ecological balance in an integrated whole to address various development deficits and inequalities facing our region.”

The talk was part of ESCAP’s Distinguished Persons Lecture series, and was followed by a robust discussion by the attending UN staff members, and diplomats who packed the large conference hall to capacity.

Professor Stiglitz, the 2001 recipient of the Nobel Prize in Economic Sciences, is currently teaching at Columbia University, New York.

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*Headquartered in Bangkok, United Nations ESCAP is the largest of the UN's five Regional Commissions in terms of its membership, population served and area covered. The only inter-governmental forum covering the entire Asia-Pacific region, ESCAP works to promote sustainable and inclusive economic and social progress. More information on ESCAP is available at [www.unescap.org](http://www.unescap.org)*

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