



EXTEMPORE REMARKS BY MR. NIRUPAM SEN, PERMANENT REPRESENTATIVE IN THE DEBATE
ON THE REPORT OF THE SECRETARY GENERAL ON THE WORK OF THE ORGANIZATION
[A/63/1][100] IN THE UN GENERAL ASSEMBLY ON OCTOBER 06, 2008

Mr. President,

The Secretary General's Report is public-spirited in intention and dignified in language. We share and support his aim of delivering results, securing global goods, creating a stronger UN, seizing the opportunity – phrases used in the report. However, there is no sense that we are entering the gravest financial crisis since the Great Depression. Above all, there is not a word on what the UN with its universality and formidable convening power is able to do to overcome the crisis and rebuild institutions. This makes the report inadequate, if not irrelevant.

The Head of the Graduate Center at City University New York, the respected academic, Prof. David Harvey, as early as 2005, described the financial sector thus: "Deregulation allowed the financial system to become one of the main centers of redistributive activity through speculation, predation, fraud and thievery. Stock promotion, ponzi schemes, structured asset destruction through inflation, asset stripping through mergers and acquisitions, promotion of levels of debt incumbency that reduced whole populations even in the advanced countries to debt peonage.... all these became central features of the financial system." The end of Wall Street is not the end of the world though it may be the end of their world. The Masters of the Universe on Wall Street have bit the dust. They have found that they have 'the same dust in their mouths' as the rest of us. It seems that a totally free market, like free love, ends badly. The financial system claimed to have increased world liquidity and reduced investment risk. It has demonstrated its Mephistophelean quality of achieving the opposite – it has destroyed liquidity and raised risk to the level of certain bankruptcy. Keynes criticized a "casino economy" and looked forward to the "euthanasia of the rentier". Now we have the euthanasia. This is the time to clear the decks and build a new international monetary and trading system.

The Statistical Annex actually masks the crisis and is based on business as usual. The share of the poorest quintile in national consumption is given only for 2005. Thus one cannot compare with earlier years and this conceals the steadily falling share of the poorest quintile. Again statistics are said to be not available for extreme poverty and hunger, that is for those living on less than \$ 1 a day. However, calculations are now based on \$ 1.25 a day; the World Bank Development Research Group paper was released at about the same time as SG's report and the World Bank, if approached, could have provided the relevant statistics. The World Bank report is based on a detailed examination of household surveys, census data, national accounts

and both national and international price data. The World Bank report shows that though there is significant improvement in relative terms, the problem remains formidable in absolute terms: over 25 years the number of those living on less than \$ 1.25 a day has declined from 1.9 billion to 1.4 billion.

The impact of this crisis is not a North-South issue. It cuts across both. Both, at least the poor in both, are suffering. Unless we realize this solidarity of suffering and act on it, we cannot overcome it. This is the meaning of the brotherhood that the President of the General Assembly talks about – the economic has become the ecumenical. Ruskin long ago summed up the impact on the real economy: “such and such strong hands have been paralyzed as if they had been numbed by nightshade, so many strong men’s courage broken, so many productive operations hindered”. The impact on the poor in developing countries is serious. Several major projects in developing countries are grinding to a halt because of lack of equity and debt capital. Their stock markets are crumbling. Falling commodity prices and falling exports will increasingly sharply hit developing countries. International financial and trading institutions advised us to completely liberalise our capital markets. Now we see what light we were supposed to follow and what model we were supposed to adopt. Fortunately we did not. Otherwise the crisis would have become a world catastrophe.

We have to pick up the pieces and rebuild the world’s economic and political governance. The SG’s report is silent on this. The Bretton Woods Institutions have admitted that they were wrong about deregulation and capital market liberalization. Though they have not admitted this so clearly, they were wrong about structural adjustment policies, including advice to developing countries to end their essential domestic subsidies. In relation to the current financial crisis they have been helpless and irrelevant. Unless the problem of veto, transparency, accountability, the appointments process and, above all, quotas, is addressed, they cannot exercise a proper role in surveillance, regulation and technical advice. Without such a reform, the developing countries cannot contribute the energy and dynamism required to rebuild international monetary institutions and the global financial system. It is the United Nations, with its universality and its convening power, that has to work for such a reform.

The SG’s report speaks of global public goods, public health and climate change. We support him on these issues. However, the report is silent on the IPR regime. Knowledge is a public good and we need an IPR regime that would ‘balance the interests of the users of knowledge and the producers of knowledge’. The public health exception is so burdened by conditionalities that nobody on earth who has no domestic production capabilities has been able to use it. The US legislation (28 USC Sec 1498) should be a model for the developing world. Without transforming the IPR regime, there would neither be cheap medicines necessary for public health nor adaptation and mitigation technologies at affordable prices necessary for combating climate change. In fact, the UN also needs to bring its influence to bear on the deadlocked Doha Developmental Round which has not been able to address the concerns of the bulk of its membership i.e. Sensitive Products, Special Safeguard Mechanism (SSM), Duty Free Quota Free access and Cotton subsidies. On the one hand, one has the trade distorting subsidies of the developed world. To guard themselves against a surge of subsidized products, the developing world is not even being allowed a viable SSM. We cannot have business as usual where we continue to safeguard commercial interest rather than the livelihood security of millions of marginal farmers and workers.

The report speaks of the Millennium Development Goals (MDGs) in detail which we fully support but is silent on the fact that MDGs cannot be achieved without restructuring international trade and the fight against HIV/AIDS and malaria will be lost without affordable medicines. It correctly emphasizes ODA and the Gleneagles pledge. However, we cannot accept the change made in targets since last year – especially Target 1B transferred from MDG 8 to MDG 1. This undermines the legitimacy of the MDG framework and is unhelpful in measuring progress achieved, besides diluting the global partnership for development. We would request the SG to revert to the older set of targets from next year – particularly for Target 1B. We also need better indicators to monitor MDG 8.

The report mentions the problems of peace and security and the Responsibility to Protect but fails to mention that without a comprehensive reform of the UN Security Council, problems of peace and security cannot be effectively addressed and the political basis of the Council is too narrow to have the necessary impartiality needed for implementing a humanitarian principle. The Statistical Annex shows that LLDCs and SIDS are getting more marginalized and their ODA is declining but the report has nothing to say on increasing their access to the UN Security Council through a comprehensive reform.

Thus the report is silent on the crucial issue of the institutional rebuilding of international political and economic governance.

Similarly, the report speaks of the Global Counter Terrorism Strategy (which has our complete support) but is silent on the key stone of this arch – the Comprehensive Convention on International Terrorism. We should use the present moment when we are closer than ever before to mutual understanding on issues and problems around Article 18.

On Systemwide Coherence, the report is silent on the central question of predictable core funding and the question of greater control by the UN of the global flows of voluntary funding in terms of budgetary discipline and Fifth Committee oversight.

On the reorganization of the DPKO, the jury is still out and DPKO/DFS representatives in the field when they appeared before the ACABQ could not show any gain in efficiency or unity of command.

On preventive diplomacy, prevention is certainly better than cure but it is difficult to believe that a few D1 officials can heal complex and widespread civil conflicts. Moreover we should not duplicate capacities or create permanent bureaucratic structures that may not be permanently required.

We are also concerned that, in the ACABQ's opinion, SG's report on the Accountability Framework, Enterprise Risk Management, Internal Control Framework and Result Based Management "does not explain in a concrete manner how the objectives will be realized. Nor are specific timelines and benchmarks consistently provided". The only way to hold senior management accountable is to have confirmation hearings in the General Assembly on the pattern of US Constitutional practice. As for the SG's call for member states to be accountable to the organization, either it means that the member states are the organization and in themselves accountable, and is therefore redundant, or it means that the member states should be accountable to the Secretariat which is topsy-turvy, and is therefore unacceptable.

Finally a word on Disarmament. This year marks the 20th Anniversary of the “Action Plan for ushering in a Nuclear Weapons-Free and Non-violent World Order” proposed by India’s former Prime Minister, Shri Rajiv Gandhi, to the Third Special Session on Disarmament. At the 63rd Session, Prime Minister Dr. Manmohan Singh reiterated India’s proposal for a Nuclear Weapons Convention prohibiting the development, production, stockpiling and use of nuclear weapons and providing for their complete elimination within a specified time frame.

I thank you, Sir.

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