

Informal Interactive Hearings of the General Assembly with Non-Governmental Organizations, Civil Society Organizations and the Private Sector

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Statement by Silvina Vatnick, President – Center for Financial Stability (CEF)

Thematic Session 1. Building a Better Tomorrow: Local Actions, National Strategies and Global Structures

1.3. How can international actions support national and local efforts, and vice versa?

Globalization has proven that global structures are quite closely linked to national strategies and local actions. Different strengths of institutions across countries condition the linkages between international actions on national and local efforts and vice versa.

- In developed countries, where institutions are well established and work properly, many organizations (NGOs and CSOs) serve as a leveraging mechanism from the private to the public sector by pursuing sectoral/specific interests, advancing an agenda to implement public policies.
- In developing countries, institutions are not as strong and lack effectiveness and usually transparency, hence hurting the well functioning of markets and the incentives' structure.
- In such context and when possible, the role of many organizations is to serve as a link between private and public sectors both national and international. The main goal is to pursue/implement specific activities in order to minimize the negative effects that such market malfunctioning have over society and institutions.
- The main message is to highlight the importance of furthering and supporting a more active participation of organizations (NGOs and CSOs) as a complement to current official participants in order to provide inputs to them and serve as an interface between national and international stakeholders, bringing to the former developments occurred in the latter. Otherwise, their decisions may continue to be perceived by the private sector as disconnected from actual (local and international) situations.
- This issue takes more relevance in the case of global economic structures and institutions (e.g. FSB, G20, IMF), affecting national and local stakeholders's perception of their role, scope, timeframe, dynamics and spillover effects.
- The organization's role is not necessarily conceived as an advocacy one but as a bridge between the private and public sectors and could be used to leverage current efforts. Among possible action recommendations could be to facilitate the linking of those organizations that are efficient vehicles to promote broad private-public discussion and participation, and therefore able to raise awareness and to convey in simple terms different perspectives (and consensus) from market participants and governments. *The organization of systematic and orderly collaboration of think tanks institutions of G20 countries supported by the UN to contribute to the multilateral processes of FSB and G20, for example.*

1.4. What macroeconomic, financial and trade adjustments and systemic reforms are required to support MDG achievement? How can policy and fiscal space be extended in order to protect existing achievements and accelerate progress?

- Regarding the Target 2 (Develop further an open, rule-based, predictable, non-discriminatory trading and financial system) of the Goal 8 “Develop a global partnership for development”, the discussion is much focused on goods. Alas, little seems to be devoted to include services, in particular financial services that are an important element to develop if sustainable economic development were to be the objective, and improvements in the living conditions of those that are currently out of the financial markets. The very significant impact of trade flows in global economic output call for a major effort in ensuring that the Doha Round is completed very soon. The Doha Round should be part of the new global economic governance.
- It might be desirable to further emphasize the importance for countries to align with best international practices for a stable financial system (the 12 standards and codes recommended and endorsed by the FSB). In this sense, having adopted (or adapted) those international rules, economic and financial integration is clearly facilitated.
- However, the recent crisis has clearly showed that although compliance with standards at the macro level is a necessary condition for stability, it is not a sufficient one. Indeed, effective adoption of standards at the micro-level was lacking, therefore posing a real threat to macro stability. This is particularly evident in the case of governance practices. Hence we propose to complement the (macro) work of the FSB, standard setters, regulators, and policy makers by providing them with additional information regarding micro-level compliance of firms with the OECD corporate governance standards. This is a relatively new complementary approach that -provided the necessary expertise- could be implemented more efficiently by think tanks and other NGOs because of working at arms’ length from official and private institutions.
- In terms of policy and fiscal space for protecting existing achievements:
 - ✓ We consider there is limited room in the fiscal accounts. National treasuries should promote the achievement of smooth transition paths towards sustainable economic growth and social development. Priority should be given to implementing phasing out of temporary stimulus policies and fiscal consolidation, including pension reform.
 - ✓ Hence, efforts should be focused on policy actions. A revamped interaction among public and private sectors to foster a more flexible decision making process becomes critical. Key elements should include stringent transparency rules, more effective cooperation –local and international-, appropriate check and balances and accountability.
 - ✓ Commitments to fight protectionism should be encouraged. However, given that current imbalances are the main source of calls for protectionism in deficit countries, coordination and cooperation among the largest economies are required to minimize the negative effects of reductions in domestic absorption of those countries.

The Center for Financial Stability (CEF) from Argentina (www.cefargentina.org) is ready to participate actively in the proposed initiatives with the key players both from public sectors and multilateral community as well as with corporates and the think tank community.