



In the name of God, the Compassionate, the Merciful

**Statement by H.E. Mohammad Khazaei
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Mr. President,
Excellencies, ladies and gentlemen:

I am indeed delivering this speech on behalf of H.E. Dr. Davoodi, First Vice President of the Islamic Republic of Iran who along with other members of the Iranian delegation was not able to participate in the Conference, since their entry visas were not issued by the host country.

At the outset, I would like to take this opportunity to appreciate H.E. Miguel d'Escoto Brockmann, President of the General Assembly for his determination and leadership throughout the preparatory process. Without him, I should say, this important conference would have been very unlikely to happen. My sincere appreciation also goes to distinguished co-facilitators for their admirable stewardship and perseverance throughout the very difficult process of negotiations on the final text.

The current international financial and economic crisis has caused grave human costs. Daily lives of millions of people all over the world are endangered, and their very survival is being threatened. Developing countries which are not responsible for this crisis at all, are suffering severely and disproportionately. Serious setbacks are evident in their economic achievements including in the area of the MDGs. This acute human cost clearly highlights once again the long standing systemic inequalities of the current international economic order. We are facing nothing but a systemic failure due to structural imbalances: the imbalance in decision making and policy setting on international political and economic issues; the imbalance which gives priority to financial sector and speculation over promotion of real economy; liberalization over sustained economic production; discrimination and marginalization over equal voice and participation; double standards over consistency; and it gives precedence to profit taking and greed at whatever cost, over securing and serving public interests.



The crisis which has been labeled as the worst during the last 75 years, has swiftly expanded to social, cultural and political aspects of the societies. As a result of the crisis:

- 1- Overall value of world stock markets (members of World Federation of Stock Exchanges) shows a \$ 30 thousand billion loss;
- 2- Average global economic growth shows steep reduction from 5.2% in 2007 to 3.2% in 2008 and has predicted to further reduce to 1.3% in 2009;
- 3- Unemployment rate in Euro zone, according to the European Commission report will pass 11.5% in 2010 which is unprecedented in recent decades;
- 4- Overall value of American companies has dropped from about 20 thousand billion US dollars to about 12 thousand billion, and in this country alone more than 30 banks and financial institutions have fallen bankrupt with a cost of over 2.8 thousand billion US dollar;
- 5- Food and Agricultural Organization affirms that the crisis has increased the number of people suffering from malnutrition in the world to one billion.
- 6- And, as a result of the current crisis, according to the World Bank, 400 thousand avoidable children death will occur.

Mr. President:

It should also be highlighted that good governance, enhanced legitimacy, accountability and transparency, and fighting corruption are advisable to and good for all without prejudice and discrimination. Indeed, their absence in the financial centers and surveillance bodies of the most developed parts of the world that ended up to the current crisis. As a matter of fact, overconfidence and over-reliance on market self-regulation and self-correction; insufficient emphasis on ethics and ethical aspects of business practices; lack of proper regulation, supervision, and monitoring of the financial sector; an overall lack of transparency; excessive risk-taking; unsustainable patterns of consumption; reluctance of relevant financial regulators, policymakers and institutions in developed countries for seriously taking into account the risks as well as vulnerabilities in the financial system were all a recipe for failure. Moreover, and to a large extent, lack of meaningful government involvement in economy in major developed countries to secure the public interests against market weaknesses and failures, made all the above mentioned shortcomings possible to realize.

Extensive discrimination in the current world economic order, injustices, neglecting universal norms and self-indulgence of a few, has significantly contributed to deepening of the crisis and its speedy contagion. Provisions foreseen in international bodies such as veto right in the Security Council or decision making mechanism in



Bertton Woods Institutions have been widely and unilaterally misused for imposing and escalating these injustices and meeting interests and goals of a few countries.

It is further disappointing to see that solutions to the current crisis, which has engulfed the whole world, are emanating mainly from discriminatory processes and by only a group of self authorized bodies such as G8 or G20. Obviously adoption of such approach put the burden of addressing the crisis on the shoulders of countries that had nothing to do with its creation. In fact, those countries which have caused the current crisis have to bear the brunt of its costs.

Another form of injustice, discrimination and cruelty is evident in exploitation of public trust to international orders, rules and regulations.

Furthermore, several devastating wars such as the ones in Iraq and Afghanistan have worsened the situation in the view of addressing poverty and marginalization. As a result and during the last three decades which liberal capitalism ideology dominated the world economy, unjust income distribution in the world has deteriorated three times. The crisis, therefore, is partly due to prevailing systemic injustices and neglecting legitimate rights of nations, their cultures, traditions and norms by greedy attitudes of a few.

It is in such context that an ambitious, substantive and comprehensive reform of the international financial and economic system and architecture seems more indispensable than ever. An outdated global financial and economic architecture, which overzealously follows a doctrine that is solely based on market liberalism and profit taking, has clearly shown its failure in ensuring global economic stability and prosperity and multilateral surveillance, and in providing early warnings. It is therefore, very natural to view policy advices and economic analysis that emanates from institutions belongs to such architecture, with great skepticism and suspicion.

Fixing the current system or doing cosmetic reforms and going back to *statuesque ante* is not an option, unless we intend to proceed with the current inefficiencies and embrace for a new crisis sooner or later. Bearing in mind its inclusiveness and universal membership, foreseeing a central role for the United Nations in international economic and financial discussions in general and the reform of the international financial and economic system and architecture in particular, would lend legitimacy and effectiveness to any final outcome.



At the same time, additional and more predictable financial resources for international development cooperation and expedited fulfillment of earlier commitments by developed countries is essential for curbing the human costs of the crisis in developing countries, and in particular in the poorest ones. A well funded United Nations development system have a critical role to play in this time of economic crisis to mitigate the sufferings of poor people, taking into account national priorities and development strategies of the recipient countries.

Excellencies, Ladies and Gentlemen,

The quest for justice has always been the dictum of the Islamic Republic of Iran in its international interactions. And, in this time of crisis we reaffirm our position and express our readiness to cooperate in establishing a just and fair global world economic and financial order through equal participation and for the cause of development and justice for all. To this end we suggest the following steps among others:

- 1- Redefining world political economic system on the basis of ethical and moral values in a way that in resolving world crises, all potentials and capacities of alternative models being utilized;
- 2- Reviewing traditional banking practices and measures with a view of benefiting the successful experiences of Islamic banking system which has shown its prudence and resilience during this crisis;
- 3- Promoting regional and national currencies as a means of broadening the bases of world credit structure and replacing current centralist approach with a more diversified architecture;
- 4- Reforming international trade, financial and monetary institutions and architectures with a view of increasing meaningful and equal participation of all.

In conclusion, we think it is a rightful expectation that an intergovernmental process be established under supervision and responsibility of the President of the General Assembly to follow up the substantive recommendations of this Conference and its outcome document. We do not see the conference as a one shot event, but starting of a process which puts the United Nations in the center of the international economic and financial discussions, a legitimate function that has for a long time been denied, resulting in severe consequences.

Thank You.