

Statement by Ambassador T. Vance McMahan, U.S. Representative to the General Assembly, on the Interactive Panel on the Global Financial Crisis, in the 63rd Session of the United Nations General Assembly, October 30, 2008

---

We appreciate the interesting presentations and frank discussions we heard this morning. We recognize the UN's important role in convening such forums and look forward to reporting the results of these discussions back to our capital.

As noted, we meet today during unprecedented and challenging times for the global economy. The world's financial markets remain severely strained and risks to global growth are significant.

We must work together to address this instability and restore the health of the world economy because this crisis affects us all. In the United States, we realize that our own financial system is in need of reform, a constant process that has taken on new urgency. To help rebuild the strength of and confidence in our markets, the United States has worked to implement the findings of U.S. experts in the President's Working Group on Financial Markets (PWG) and international experts in the Financial Stability Forum (FSF). These bodies made recommendations on transparency, prudential regulation, risk management, and market discipline. Additional reforms of our regulations, regulatory structure, and international institutions will most certainly follow. We must do this while also maintaining a level-headed and balanced view of the role of regulation and reaffirming our shared commitment to economic freedom, open markets, and open investment regimes.

In recent weeks, the United States, both independently and in concert with governments around the world, has taken aggressive, systematic action to protect the financial security of both the United States and the global economic community. The immediate, coordinated response to the financial crisis by the G7 and other global partners has been to shore up important financial institutions, unfreeze credit and money markets by ensuring banks have continued access to funding, and provide substantial new protections for responsible consumers, businesses and investors.

These steps have significantly strengthened the capital position and funding ability of global financial institutions and should enable them to perform their role of underpinning economic growth globally. They are bold, yet not unprecedented in the U.S., and are a means to strengthen, not undermine, the free market and democratic capitalism.

Governments must also continue to provide much-needed liquidity and strengthen financial institutions. We must also take care to ensure that our actions are closely coordinated and that communication is effective. Two weeks ago, the leaders of the G8 issued a statement underscoring our commitment to work together to resolve this crisis. The crisis has also highlighted the importance of continued cooperation among major economies through such fora as the G-20 and the Financial Stability Forum. To

strengthen efforts to work together to address the longer-term financial and economic challenges that confront us, President Bush has invited leaders of the G-20 countries, as well as the IMF Managing Director, World Bank President, UN Secretary-General and Chairman of the Financial Stability Forum to a summit on November 15 in Washington.

This summit will provide an opportunity to review progress being made to address the current crisis, advance a common understanding of its causes, and, in order to avoid a repetition, agree on a common set of principles for reform for regulatory bodies and institutions related to our financial sectors. While the specific solutions pursued by every country may not be the same, agreeing on a common set of principles will be an essential step towards preventing similar crises in the future. The summit, which is envisioned as the first in a series, will also provide an opportunity to discuss the effects of the crisis on emerging market economies.

Current circumstances have also made clear the important role of international financial institutions in providing assistance to those countries that are experiencing especially challenging conditions. Several countries have approached the International Monetary Fund and World Bank about assistance or possible programs. These institutions are particularly well equipped to provide assistance to countries in need, and the U.S. stands ready to work with both individual governments and multilateral lenders to ensure that countries under pressure can benefit from the expertise and financing that international financial institutions bring to the table. The present crisis must also not become an excuse to walk away from development commitments. Donors must follow-through on their past pledges. As President Bush said last week, "America is committed – and America must stay committed – to international development for reasons that remain true, regardless of the ebb and flow of markets."

A key component of the broader response to current turmoil in the global economy must be to reject protectionism and commit to renewed action to promote global trade and development. We must seize this moment as an opportunity to intensify efforts to conclude the Doha Round for the expansion of a more open, global trading system because that is the best way to create prosperity for all of our citizens. Increased trade and investment have played an important role in lifting hundreds of millions of people out of poverty in recent years.

In short, global growth and prosperity are more dependent on the synergies of interaction and cooperation than at any time in history. Openness to international trade and investment has been, and will continue to be, the linchpin of economic growth for the global economy. A central task for nations around the world is to embrace the benefits of openness to trade and investment while addressing the challenges of extending these benefits to all.

The United States is confident that, working together, we will overcome the present difficulties, and return our economies to the path of stability and long-term growth.