



# **ST. VINCENT AND THE GRENADINES**

Permanent Mission of St. Vincent and the Grenadines to the United Nations

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## **Statement**

By

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Prime Minister and Minister of Finance of St. Vincent and the Grenadines

At the

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and its Impact on Development**

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Mr. President, Excellencies, Distinguished Ladies and Gentlemen

I would like to align myself fully and enthusiastically with the statement made yesterday morning by the Honourable Prime Minister of Belize, on behalf of the Caribbean Community (CARICOM). The presence at this Conference of the Prime Ministers of Belize, Barbados, Grenada, St. Lucia and Saint Vincent and the Grenadines; along with the Deputy Prime Minister of Jamaica, the Finance Minister of Guyana and the other high ranking ministers of our region indicates the importance with which the Caribbean views this crisis.

Recent years have seen the small, open, and vulnerable economies of the Caribbean being globalized out of our agricultural exports, particularly bananas. Global Warming and sea level rise threaten us with being climatized out of our similar reliance on tourism. And we are now being stigmatized out of our attempts to diversify through financial services. Today, the uninvited tides of an insidious international malaise have washed our shores, gathering force into a veritable tsunami of economic and financial distress.

Mr. President,

Contrary to the official title of this Conference, we view our global family as ensnared in more than an a mere financial and economic crisis. Rather, it is profoundly a crisis of capitalist globalisation; of international capitalism in crisis. Although there has been “regulatory failure” of the banks, insurance companies and other financial institutions, all this is reflective of the triumph of a neo-liberal ideology, which sought to roll back any interventionist role of the democratic state. The organs of the State, so the neo-liberal thesis went, were to be minimalist; the international capitalist system driven by “the market” was best left to be self-regulatory, according to the neo-liberal ideologues.

The chickens have come home to roost as the poor and the working people suffer consequentially. The worst crisis in international capitalism since 1929-31 has come upon us. Caribbean countries, including Saint Vincent and the Grenadines, suffer from the socio-economic fall-out. We are casualties, nay victims, from this external crisis not of our own making.

The real, current and future impacts on national development are numerous. Poverty and unemployment are rising worldwide, straining already fragile social safety nets. Foreign Direct Investment is scarcer and smaller. Commodity price volatility and contractions in world trade strain fragile budgets. Official Development Assistance is receding. And our regional aspirations for timely achievement of the Millennium Development Goals seem increasingly remote.

This crisis has therefore laid bare a mode of production, consumption and distribution that is unsustainable and unethical. The limited and unimaginative corrective measures suggested by some States and institutions are similarly bereft of logic and value. Why should we be forced by circumstances beyond our control to borrow from those whose bad advice and reckless regulatory neglect precipitated this crisis? Why are we once again paying for the mistakes of others? The IMF and World Bank may view many of our developing friends in the periphery of globalization as being “heavily indebted.” But the debt of responsibility for this crisis lies in the unregulated financial centers of the developed world; in the arrogant ignorance of those who consider it their right to prescribe and proscribe our policy space; and in the unfounded

ideological sanctimony of those who hold us to a higher standard than they hold themselves. Indeed, it is the rich nations that are heavily indebted. They are indebted to the poor peoples of the world – based on a history of broken promises, failed advice, neglect, fiscal hypocrisy, ideological bankruptcy and welfare colonialism. Today, they must begin the process of rectifying this massive global debt; from each according to its abilities, and to each according to its needs.

Mr. President,

We speak not to point the finder of blame, but to point the path to collective recovery from this global depression. The noble and pragmatic people of Saint Vincent and the Grenadines are less enamoured with esoteric ideological problems than their practical solutions. These solutions necessarily include the quest for economic and political space, which is critical to develop our economies and improve our people's living standards. In this quest for enhanced "space", the role of the State is vital. The democratic state has been a force for good in our region and it cannot retreat especially in the current circumstances. But the State must exhibit a more profound and effective democratic governance. Secondly, our solutions must be lodged within a regional and appropriate internationalist context. Thirdly, a comprehensive framework has to be elaborated and implemented to build a modern, competitive, many-sided post-colonial economy which is at once local, national, regional, and global. Fourthly, a necessary and desirable socio-cultural rubric must be unfurled in practice to ennoble further our Caribbean civilisation and an authentic historical reclamation. And fifthly, the entire project must be people-centred in life, production and rewards.

We have also sought to strengthen the bonds of regional solidarity and international cooperation in the face of a hostile or indifferent developed world. Saint Vincent and the Grenadines has forged deeper links with Caribbean and Latin American brothers and sisters through PetroCaribe, the SUCRE, the Bolivarian Republic for the Americas (ALBA), the Caribbean Single Market and Economy, and a proposed union with our brethren in Trinidad and Tobago. We have forged beneficial links with the Republic of Turkey, Malaysia, the Republic of Austria, the Libyan Arab Jamahiriya, the Islamic Republic of Iran, the Bolivarian Republic of Venezuela and Taiwan. We also seek to deepen our cooperative relationship with our cherished and long-standing allies in Canada, Cuba, the European Union, the United Kingdom and the United States. Only through principled and pragmatic multilateralism can we collectively weather the storms that buffet our Caribbean Civilisation.

This spirit of renewed multilateralism must also inform the engagement of the United Nations with this crisis. At their recent London Summit, the Group of 20 Developed economies observed that we are facing a global crisis, which needs a global solution. For the 172 Member States not invited to participate in that G-20 summit, the United Nations is the sole inclusive, democratic and legitimate forum for complementary global involvement in international economic affairs.

Saint Vincent and the Grenadines has long viewed this UN involvement and engagement as essential. As such, we have remained deeply and centrally engaged in the process of drafting an outcome document to this Conference. We were honoured to have our Permanent Representative, along with the Permanent Represent of the Kingdom of the Netherlands, co-facilitate the often-contentious process of negotiating the outcome document. Their work stands as eloquent testimony of what is possible when rich and poor countries work together in pursuit

of a common goal. While the document produced does not fully reflect all of our national interests, needs and ambitions, it is an important and actionable first step of the world's engagement with this global depression. The draft text contains many concepts of critical importance to the developing world, including a veritable 20-point action plan for meaningful change and international cooperation, including:

1. A recognition of the peculiar impacts and needs of Small Island Developing States, and other regions in special situations;
2. A call for an inclusive, equitable, people-centred and development oriented solution to the crisis;
3. The need for cooperation, coordination and solidarity in our approach to the crisis;
4. The recognition that developing countries require a greater share of additional resources;
5. The need to restore confidence, trust, employment, open trade;
6. An acknowledging of the right of developing countries to employ trade defense mechanisms and seek temporary negotiated debt standstills in response to the crisis;
7. A call to ensure that developing countries' national stimulus packages do not adversely affect third countries;
8. An understanding that developing countries must have the fiscal flexibility to implement countercyclical measures;
9. Support for regional and sub-regional efforts to address the specific localized needs of affected countries;
10. A call for successful and equitable completions to the Doha trade and Copenhagen climate negotiations;
11. An understanding of the importance of immigrants' rights and the value of remittances to families in developing countries;
12. A call to accelerate efforts to fulfill long-deferred pledges to increase Official Development Assistance;
13. A recognition of the need for new and innovative sources of financing to developing countries;
14. A call for investigation of an enhanced role for Special Drawing Rights to respond to financial shortfalls;
15. An acknowledgement of the intensifying calls for reform of the current global reserve system;
16. The necessity of improved regulation at all levels, and for an appropriate state role in regulatory matters;
17. The need for equal and non-discriminatory treatment of all tax jurisdictions;
18. The creation of an independent Panel of Experts to provide analysis and guidance to policy makers;
19. The need for urgent further reforms of the Bretton Woods Institutions; and
20. The urgent need for further reforms to the global financial system and architecture.

But as you know, Mr. President, a document can be just words on a page. Many hard-fought and commendable United Nations texts languish on the dusty shelves of international indifference and inaction. Saint Vincent and the Grenadines therefore calls on the General Assembly to immediately implement the outcome document's call for the establishment of an intergovernmental working group to operationalize and add flesh to these 20 principles.

Mr. President,

John Maynard Keynes, whose ideas are very much back in vogue these days, once said:

*“The decadent international but individualistic capitalism in the hands of which we found ourselves after the war is not a success. It is not intelligent. It is not beautiful. It is not just. It is not virtuous. And it doesn't deliver the goods.”*

This Keynesian perspective could easily have been spoken today. Our collective challenge, therefore, is not so much to embrace new ideas as to forget the old ones. This crisis has opened the eyes of the world to the fallacies, contradictions and inequalities of a culture of short-term greed, selfish national chauvinism, and casino capitalism. Our fates are intertwined, and our prosperity is indivisible. This moment can and must be the point at which we take financial ideological orthodoxy outside of the box of stagnation and failure, and instead place the entire global family solidly on the path of sound and sustainable economic progress.

Mr. President,

Finally, I would be remiss if I did not recognize the tireless effort and tenacity with which you have pursued this most successful and useful Conference. I also applaud the vision of the Bolivarian Republic of Venezuela, which first conceptualized a formal United Nations conference on this crisis in a draft resolution tabled last November. We also welcome the efforts taken to date in the national and international context by our traditional allies and partners in the developed North, particularly the new regulatory and institutional arrangements proposed at the national level by our esteemed friend, President Barack Obama of the United States. We hope that these measures represent modest early steps to avoiding future crises.

Another United States President, the late John F. Kennedy, once said:

*“The Chinese use two brush strokes to write the word 'crisis.' One brush stroke stands for danger; the other for opportunity. In a crisis, be aware of the danger – but recognize the opportunity.”*

The dangers of this crisis are already apparent. The people of Saint Vincent and the Grenadines feel it and know it. Let us today seize the opportunity to work collaboratively, and creatively, to place people and their welfare at the center of our post-crisis progress.

I thank you.