



*Délégation permanente  
de la République Islamique d'Iran  
auprès de l'Unesco*

N°: 49/1 19-18

27 February 2009

Sir

I am writing with regard to your organization of the event entitled "The Global Financial and Economic Crisis: What Impact on Multilateralism at UNESCO?", to be held on 2 March 2009. I wish to bring to your attention the following reasons for and impacts of the current financial and economic crisis, as well as proposed solutions to it, for your consideration in connection to the above-mentioned meeting.

First of all, the current crisis is the result of the bankruptcy of the investment and insurance banks and establishments, and high interest rates resulting in speculation and the fluctuation of currency, which led to the poor becoming poorer and the rich becoming richer. I see the underlying reasons for the crisis to be the undemocratic, non-participatory and non-homogenous management of the economic and financial system. The Bretton Woods institutions are incapable of fulfilling their functions, and thus we need fundamental reform of the management and arrangement that arose from the Bretton Woods system.


Secondly, the impacts of the crisis are as follows:

- the reduction of confidence in the international banking system;
- the flight of direct foreign investment in developing countries;
- the serious decrease in price of primary materials produced in developing countries, and thus diminished exportation of goods from developing countries to international markets;
- the vulnerability of private banks and small financial establishments in developing countries;
- the fluctuation of the exchange rate, and especially the change in value of the currencies of developing countries due to unstable exchange rates as a result of speculation;
- the high risk of credit and endangered standards for providing credit;
- increasing unemployment and inflation, reduced purchasing power and the incapability of citizens to earn their living and provide for their needs.

Thirdly, the solutions to the financial and economic crisis proposed by the Islamic Republic of Iran are as follows:

- the allocation of development assistance from developed to developing countries to respond to the destructive impacts of this financial crisis;
- developed countries' reconfirmation of their engagement to provide the above development assistance;
- the promotion of multilateral, commercial negotiation to find a comprehensive solution;

- developed countries' flexibility in adopting policies for economic mobility and increasing their imports from developing countries;
- according attention to economic ethics;
- the adoption of new approaches and initiatives to allow developing countries to participate in the confrontation of this crisis;
- a comprehensive response to this crisis in which solutions result from a comprehensive and participative process involving all countries of the world;
- the adoption of an inter-sectoral approach as the crisis surpasses anyone sector, and due to its global nature thus requires a global and comprehensive response;
- the restructuring of the global economic system **in** all its dimensions and aspects, especially **in** the sectors of finance, investment, international commerce and new technologies, based on justice, equity, inclusiveness and the equal and effective participation of all countries of the world;
- international organizations' monitoring of the economic policies of developed countries, which is indispensable as these industrialized countries, which enjoy a high-volume economy and vast relations with other countries **in** the financial, monetary and commercial fields, can extensively influence the health of global economy through their national economic policies;
- multilateral and comprehensive cooperation in the exchange of knowledge, information and experience, and the adoption of coherent and measured actions;
- reflection on the new structures of financial and monetary international relationships;
- the adoption of sustainable and long-term strategies to overcome this crisis, rather than temporary measures;
- the re-examination of the causes of this crisis and a survey of applicable and potential standards and methods of monitoring;
- the adoption of new instruments and methods at the theoretical level to produce new theories **in** three aspects: financial regulations and monitoring; macro-economic policies; and a change in the functions and tasks of international monitoring institutions;
- collective and fundamental measures **in** policy-making from all members of the international community, which should be accompanied by the individual efforts of all **countries**;
- an understanding of existing weaknesses, obstacles and problems, to create innovative solutions appropriate to the situation which has arisen;
- benefitting from each other's capacities and capabilities for sustainable development through multilateral cooperation.



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