



Republic of Nicaragua

**Third International Conference on Finance for Development
Topic: General debate**

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Mr. President,
Prime Minister of the Federal Democratic Republic of Ethiopia,
Minister of Foreign Relations of Ethiopia,
Minister of Finance of Ethiopia,
Mr. Ban Ki-Moon, Secretary General of the United Nations,
Mr. Sam Kutesa, President of the General Assembly of the United Nations,
Co-Facilitators of the Development Finance process,
Excellencies,
Members of the Diplomatic Corp,
Distinguished Invitees,
Ladies and Gentlemen,

Excellencies,

Nicaragua adheres to the position expressed by South Africa on behalf of G77+China.

We thank the Government of Ethiopia for their hospitality and the organization of this important meeting, in a historic and thriving country, political capital of Africa.

We would like also to thank the co-facilitators, the Ambassador of Guyana and the Ambassador of Norway, for their remarkable effort in the preparatory process that has brought us here with a text that has been accepted as the starting point but still needing to include key elements for our developing countries. We are sure that for the good of our peoples this text will be approved. They are: the CBDR principle; an International Tax Committee with full participation of all Member States; the continuance of the political process of Development Finance and not its reduction to means of implementation only ,(SDG) of the Post-2015 Agenda.

Mr. President,

We will not succeed if we always negotiate what is already agreed, which in this case are the agreements of Rio and Rio+20, Monterrey, Doha and the recommendations of the meeting on the Finance and Economic Crisis and Its Impact on Development approved in Doha, and then by the General Assembly, held on June 2009, New York. This includes the CBDR. It is not possible to consider that developed countries and developing countries have the same responsibilities with regard with financing for development. It is obvious they are common but differentiated.

The current ODA is 66% higher than when the MDG's were adopted back in 2000, but only 5 countries have reached the 0.7% of the GDP, the average is 0.3% and the country with the largest absolute contribution has 0.2%. The mechanism of highly indebted poor countries has proven to be effective in relieving debt, and we are looking forward on the Special Committee on Re-structuring Mechanisms of Debt. We have pending topics on means of implementation (sources and differential access to financing, technology transfer, capacity building), reduction of trade barriers, preferential market access for LDC's producing countries, alleviating the cost of sending remittances of migrants, social inclusion through free health and education, infrastructure stimulus to create jobs and strengthen economies.

These meetings on Finance for Development must continue until the fulfillment of the ODA financial commitments goals and the solution of pending topics, while the High Level Political Forum and the mechanisms of the General Assembly to follow-up issues.

Mr. President-

We welcome the new sources of financing, Asian Infrastructure Investment Bank, Bank of the BRICS, BRIC Reserve Fund, ALBA, Bank of ALBA and Petrocaribe, financing 50% of the oil bill for development and poverty reduction, trade finance by the SUCRE, the international trade national currencies, as well as mechanisms such as Chiang Mai + 3. They are part of a new horizon of development finance in the contours of a new international economic order is in sight.

Mr. President-

The current model of the pattern of production, consumption and financing is in crisis. The current crisis is more than a cyclical crisis, is global and systemic. The model is creating more problems than it solves. This is evident in the issue of poverty, which is the heart of the Millennium Development Goals and Sustainable Development Goals. In the struggle to eradicate poverty are four threats, four horsemen that could lead to an apocalyptic poverty in the XXI Century. Our assessment of the issue of poverty must contain not only progress but also threats, some of which were identified in the document of the meeting of the Financial and Economic Crisis and its impact on development. They represent inconsistencies in policies with development financing policies to eradicate poverty. They are: Inequality, Wild Capitalism, Permanent War and Climate Change.

1) INEQUALITY

A recent Oxfam report points out that economic inequality is growing in most countries and that global wealth is divided into two groups: 1% of the population owns half of the wealth, while the other half belongs to the 99% of the population. The 80 richest billionaires of "Forbes" list, have seen their wealth increased by 50% between 2010 and 2014. The International Monetary Fund, the World Bank

and the World Economic Forum have noted the harmful effects of these reducing levels of inequality in growth and quality of life, while generating poverty.

The markets left to their own discretion concentrate and strangle, is its nature, and it is required the State's redistributive action to regulate. It seems that in every century economists and politicians have to learn again about the harmful effects of inequality and the need for redistributive measures, except now there is still no action to correct the inequality as cause and aftermath of the Great World Recession that began in 2007-2008.

After the "Long Depression" of 1873-1896 antimonopoly laws were formulated in many countries; as a result of the financial panic of 1906 the Progressive Income Tax was passed and formed the Federal Reserve Bank for a monetary and credit policy; and during the Great Depression of 1929-1941 the Glass Steagall was passed to reduce the concentration in the financial services sector separating the deposit banks from investment banks, brokerage and insurance companies.

In the great global recession that began in 2007-2008 which consequences remain to date, the story is different, since the conditions for the crisis are built discarding all previous lessons and imposing neo-liberal policies. The concentration contributes to the crisis and through the crisis without redistributive measures largest concentration occurs, due to economic and political hegemony of wild capitalism.

2) WILD CAPITALISM

When the first financial crisis in Mexico in 1981 took place, the President of the Federal Reserve, Paul Volcker and members of the Federal Reserve Bank of New York, decided that it was not going to be a US banking crisis but a Latin American financial crisis by raising interest rates, putting against the wall to highly indebted Latin American countries with the banks in New York by cheap loans of petrodollars from the 70. Thus the "lost decade" began in which the Bretton Woods institutions demanded radical budget cuts, including health and education, and supported only productive projects that generate foreign exchange, particularly to ensure the repayment of the foreign debt.

This marks the transition from liberalism to neo-liberalism. In liberalism when a creditor has an unpaid loan he takes the loss. In the neo-liberalism when a creditor has an unpaid loan, the debtor pays the cost, or through bailout loans and conditionalities, the whole country of the debtor pay: taxpayers, workers with unemployment and cuts in wages and conditions as well as pensioners, while the health and education budgets are reduced.

The Wild Capitalism was enshrined in the neo-liberal Washington Consensus 1989 demanding the abolition of national planning, deregulation, privatization, end of protectionism and free markets, political policies that were imposed under the Bretton Woods institutions conditionalities. All these weaken the redistributive role

of the State which generated greater inequality and poverty. The increase in poverty was so obvious that some countries and institutions diluted these policies. However, in other parts the same principles apply today with austerity policies that have impoverished entire countries regardless of the consequences in terms of inequality, poverty and human misery, all in order to pay the foreign debt.

The conditions for crisis were created with the Modernization Financial Markets Act of 1999 that ruled out Glass Steagall and weakened the anti-monopoly laws and Modernization Markets Commodities Act of 2000 that legalized all derivatives and exempted speculative default swaps ("Credit Default Swaps") of any regulations. During the crisis bailouts were oriented to save banks that were primarily responsible for the crisis placing in a unfair manner the cost of the crisis to the rest of the society.

The result of "modernization" of the financial sector was the acceleration of concentration in that sector. According to UNCTAD earnings of the financial services as a percentage of total corporate profits industry was 6% on average in the 80s, which can be considered a reasonable cost to their customers and the global economy for financial intermediation services and management risks. By 2007 that figure had risen to 40%, indicating that it had become a hub of accumulation and concentration of capital itself.

The neo-liberal recipes privatize profits and socialize losses. A perfect formula to increase inequality at the scale we have today. All this to defend the maximum value of humanity as wild capitalism: capital preservation.

His Holiness Pope Francis has indicated that:

- "A wild capitalism has taught the logic of profit at any cost, in order to get without thinking about the exploitation of people ... and we see the results in the crisis we are experiencing The human being is in ' danger ' and the world is not ruled by men but by money. "
- "As the commandment of 'no kill' sets a clear limit to ensure the value of human life, today we have to say no to an economy of exclusion and inequality. That Economy kills".

3) THE PERMANENT WAR

In this century we have witnessed the impoverishment of a large entire region. The statements of non-legitimacy of regimes by some countries and intervention in civil wars, invasions and occupations were not only illegal but also disastrous, leaving a trail of death and massive destruction, as well as millions of refugees and internally displaced persons and mass poverty in an entire region. There is a humanitarian emergency which has not yet adequately addressed the enormous efforts of the recipient countries and some international organizations. This situation will be persistent because there are destroyed economies, countries with economic, social

and political instability, some to the point that its territorial integrity is threatened. In the political vacuum of the case and to States weakened armed religious extremism has increased in strength, generating even more wars in ever larger and more theaters aftermath of death, destruction and poverty. Permanent war is one of the main generators of apocalyptic poverty in the XXI Century.

Wars and UN peacekeepers also compete with development finance and climate finance, with the disadvantage that history teaches us that there is no limit of what is spent on wars and armaments.

4) CLIMATE CHANGE

The greatest impact of climate change is occurring in subsistence agriculture in tropical countries due to droughts, floods and extreme weather events. Climate change is also changing the way of what can be cultivated, where and what time. In some cases this will lead to the need for new varieties and other crops change. Food security is at risk. Rainfall patterns and the availability of groundwater and the surface is in transition. Climate refugees will challenge humanity. To take one example, rapid glacial thaw in the Himalayas and strong monsoons have caused flooding in South Asia. In times where there is no ice and in a year of weak monsoon without cyclone, how can a humanitarian crisis of hundreds of millions of people be addressed?

The impact on food security and poverty will be higher because the period 2010-2019 is looming as a lost decade for international action on mitigation, adaptation, loss and damage and means of implementation. Even if there is a positive agreement in Paris at COP-21 will not come into effect, thus losing another 5 years. As for the US\$100 billion a year by 2020 is too little too late coming, especially considering the lost decade. The thesis that climate change and its consequences begin in 2020 is incomprehensible to the countries suffering the consequences for decades.

Mr. President,

Due to the increasing of apocalyptic poverty in the twenty-first century we must find at the United Nations the policies to reduce inconsistencies in inequality, wild capitalism, permanent war and climate change.

The solution policies internationally adopted should be according to the reality of each country, their levels of development, needs, priorities and particularities, retaining national decision-making spaces. Only then policies for sustainable development and poverty eradication can be effective. The history of the poorest countries in the 60s that are today developed from all points of view, including science and technology, confirms the absolute necessity of this approach.

Thank you very much Mr. President