

An Intergovernmental Panel on Systemic Economic Risk

By [Kevin Gallagher](#)

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At the onset of the financial crisis the United Nations put together an all-star [group](#) of global economists and economic policymakers, chaired by [Joseph Stiglitz](#), to assess the causes and consequences of the financial crisis and to make a set of recommendations to make sure such a crisis never happens again.

The [commission's report](#) was published with great fanfare and fed into a 2009 UN conference on the financial crisis. The conference itself was met with little fanfare outside the UN system, and in 2010 the UN was focused primarily on the global climate crisis and the Copenhagen meetings. The UN is only now beginning to pick up where it left off on global finance. This summer the UN is to decide whether it should implement one of the Stiglitz Commission's core recommendations: Form a panel of experts modeled after the Intergovernmental Panel on Climate Change (IPCC). It should.

The Stiglitz Commission's idea for a Panel of Experts is as follows:

An International Panel of Experts tasked with the assessment and monitoring of both short-term and long-term systemic risks in the global economy should be established. The panel could serve as an internationally recognized source of expertise in support of better coherence and effectiveness in the global governance system, fostering dialogue between policy makers, the academic world, international organizations, and recognized social movements. The panel should analyze systemic risks in relation to the global economy, their root-causes, and their implications for human development. It should establish criteria for the identification of systemic risks and issue recommendations as to preventive measures and sound economic policymaking. The panel could thereby also play an important early-warning function, the need for which has been noted by the G-20 and others. The panel would also identify lacunae and deficiencies in the current global economic system, especially the system of global economic governance, and make suggestions for their remediation.

Should there be a panel? And if so what would its function and structure be? The last thing the world needs is yet another glossy report with yet another take on the financial crisis. And why bother if such an effort gets mired in UN bureaucracies and is not fashioned into a voice that would have traction with governments across the world?

The UN is the most legitimate and among the most qualified global bodies to weigh in on the global economic system and it would be ridiculous for it to sit on the sidelines. The UN has economists and experts in numerous global agencies such as UNCTAD, DESA, UNDP, and beyond, as well as regional efforts such as ECLAC, ESCAP, and others. If the UN does not weigh in, the only other options are the G-20 and the IMF. The G-20 as an institution does not include more than 170 countries in the world, and the IMF has a very poor track record on analyzing, preventing, and mitigating financial crisis. The UN is looked to for balance.

We very much need a meta-analysis of the global state of understanding on the causes of financial crises and measures to mitigate them, with the goal of making suggestions for reforming global economic governance—as recommended by the Stiglitz Commission. The UN has the track record here. The UN has already created two (while not perfect) efforts on climate change and on agricultural development. The IPCC is a body that analyses the state of climate science and its impacts, and the Intergovernmental Assessment of Agricultural Knowledge in Science, Technology, and Development (IAASTD) analyzed the state of knowledge on agriculture from the perspective of fighting hunger and poverty in a manner that can improve human health and environmental sustainability.

What would an intergovernmental panel do? Like the IPCC and the IAASTD, an Intergovernmental Panel on Systemic Economic Risk would perform a meta-analysis of the state of knowledge on the causes, impacts, and implications of financial crises. This would not be just another report; rather, like the IPCC effort it would be the "report on the reports" where eminent persons make sense of the thousands of peer-reviewed articles and agency (UN, IMF, etc.) assessments that have been done. This would synthesize the similarities and spell out the differences in thinking about these issues to help policymakers make better decisions about reform. One of the volumes would look at causes and impacts, while another could serve as a clearinghouse for financial regulatory reform efforts.

Nations and regions around the world are reforming their financial systems but there is no single place to catalogue and make sense of these new regulations. This is important for investors and policymakers as they seek to maneuver in a post-crisis world. It will also help stimulate policy diffusion whereby innovative regulation from one country can be applied to another.

If such an effort gets bogged down in UN processes it will be doomed to fail. Like the IPCC and the IAASTD the effort will need to have relative autonomy from the standard UN process. It should also engage with the International Monetary Fund and World Bank.

The IAASTD has a Panel of Participating Governments (governments of all participating agencies) but also has a 60-person "Multi-stakeholder Bureau" that formally advises the plenary. Thirty of the members are governmental officials, 30 are from civil society, the private sector, and academics. Furthermore, IAASTD has seven cosponsoring agencies: the FAO, UNDP, WHO, UNEP, UNESCO, and yes even the World Bank. A UN panel on the financial crisis could model itself on IAASTD to some extent, having some of the governmental officials in a stakeholder bureau come from Central Banks and Finance Ministries, and having the sponsoring agencies be among UNCTAD, UNDP, UNDESA, some of the regionals, such as ECLAC, ESCAP, and the IMF, and World Bank.

It seems clear that at present the UN is not weighing in with a clear voice on reform of the global economy. This is a pity. The world's most powerful leaders and the press that follow them have found solace in the G-20 and the IMF, which are not delivering either.

The UN is among the most qualified and certainly the most legitimate bodies to deal with the truly global nature of economic crises and their development implications. It started off better than any other body with the establishment of the Stiglitz Commission. Let us hope the UN is up to the task of following through on the Commission's recommendations. The health of the global economy depends on it.

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