

## 20090623 IMF Paper Contributes to UN Conference on Financial Crisis

### Source: IMF

In a note released today for the United Nations Conference on the Global Economic and Financial Crisis and its Impact on Development, which will be held this week in New York, the International Monetary Fund (IMF) reiterated the case for a comprehensive approach to restoring public confidence in the financial sector and re-launching global economic growth. The note also emphasized that many of the world's poorest countries will require additional external support to safeguard their hard-won economic gains as they are being severely affected by the global crisis.

The note focuses on the roots of the financial crisis and highlights the policy response needed to deal effectively with it:

- To get the global economy moving again, governments, central banks, and regulators must act decisively to restore confidence in financial institutions. Much has been done but policymakers need to act more decisively.
- Given the impaired conditions of the financial system, monetary policy - conventional and unconventional - alone will not be able to offset financial market disruption and the severity of the downturn.
- Fiscal stimulus is needed in countries with fiscal space. The IMF has recommended 2 percent of GDP stimulus at the global level, and a concerted stimulus effort in G 20 countries is already underway. This needs to be sustained in 2009 and 2010.
- Many of the world's poorest countries will require additional external support to safeguard their hard-won economic gains put at risk by the global crisis.
- There is broad consensus on the need to avoid protectionism in all forms in implementing policy responses to the crisis. Generally, a more open and secure international trading system would be a critical element of the future economic order.

The note added that fiscal and monetary policies need to be formulated with a medium-term perspective, building in an orderly phase-out of stimulus after the current crisis.

To read the note [click here](#).

**NovaRes Team**