



## ATLANTIC MEMO #12

## ***A Supranational Approach to Rescuing the Global Economy***

At the inception of the 2009 World Economic Forum at Davos, atlantic-community.org puts forward its recommendations for one of the conference's core challenges: how to stabilize the global economy. Atlantic Community members are in agreement that addressing the global economic crisis is intrinsically linked to engaging with the new world order. All nations and relevant parties beyond the Bretton Woods transatlantic partners must be part of the solution.

### **1. A bigger role for international institutions.**

The global economic crisis requires a global response (Marie Grunert). As Yam Ki Chan points out, the nation state's monopoly is dwindling and the economic crisis has given supranational actors legitimacy and a necessary bolster. Therefore, the collective economic security interest is best dealt with by regional and global organizations (Collette Mazzucelli).

- **United Nations (UN):** Atlantic Community members agree that the UN is the obvious mechanism for leading the way in this global response as it has the capacity to provide norms and rules. This said there is widespread agreement that in order for the UN, and especially the UNSC, to take on this role, reform is urgently needed. Donald Stadler points to the need to extend influence beyond the UN's primarily European core and an overhaul of voting rights is advocated (Grunert). Chan stresses the need for a governance system of checks and balances.
- **International Monetary Fund (IMF):** An increased role for the IMF would also facilitate a global response to the crisis. By monitoring exchange rates, unnecessary fluctuations can be prevented and lending should be restricted to those nations who play by the rules (Luke Nichter). This would allow for effective, cohesive regulation that applies globally.

### **2. Increase regulation and economic interdependence.**

Members consent that a new monetary regime in which financial markets are controlled through broader regulation is required if globalization is to avoid prolonged economic turmoil. However, revamping the various areas of trade, currency and environmental protection under one program will not be effective. Instead, Nichter encourages a regular, inclusive dialog in which bankers and finance ministers collaborate across the globe. In this way, the incentive for cooperation will be increased.

In addition, the world should wean itself off US dollar reserves and move towards a supranational reserve currency. As Chan emphasizes, this would create greater interdependence and thus increase cooperation from all parties. Nonetheless, the current decline of the US should not distract from the fact that it retains the greatest influence on the international stage (Nichter). As a result, it may be a useful forerunner for economic dialog while international institutions adapt and reform to take up the role.

### **3. Open democracy and human rights are key components of a healthy economy.**

There is wide consensus on atlantic-community.org that protectionism and illiberal trade policies must be resisted as a response to the economic crisis. National governments as well as international organizations must counteract the tendency for myopic trade policies by allowing the free transmission of ideas at the supranational level (Scott E. Hartley). Sustainable, globalized economic development based on cooperation is also desirable in the interests of global democracy. Wealthy democracies should fund massive development aid programs for poor nations to this end, says Alyssa M. Ramsay.

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