

**Informal Summary
High-Level Segment
of the Economic and Social Council in 2007**

**General debate on the theme of thematic discussion:
“Strengthening efforts at all levels to promote pro-poor sustained economic growth,
including through equitable macro-economic policies”**

Palais des Nations, Geneva, 3 July 2007

The general debate on the thematic discussion took place following the two roundtable discussions. The exchange of views during the debate was interactive and it was appreciated that the Council provided a forum for such candid deliberations.

Key points:

- There was widely-shared understanding that the link between economic growth and poverty reduction was complex and there was a need for further study, including their relation with equity;
- There was also generally shared need for broad-based macroeconomic policies, which should be formulated in the framework of a national development strategy;
- It was acknowledged that some national policies could have spillover effects to other countries, and the external conditions, in their turn, would affect national economies;
- There is a need to increase the voice and participation of developing countries in international decision-making so as to better reflect the realities of developing countries in those decisions; and
- International regimes that had developed without much participation of developing countries need to be reviewed and reassessed.

The representative of Pakistan, on behalf of the Group of 77 and China, noted the uniqueness of this year’s substantive session of the Economic and Social Council (ECOSOC), which was marked by the launch of two new functions, the Annual Ministerial Review (AMR) and the Development Cooperation Forum (DCF). He welcomed the theme of this discussion, which was complementary to the theme of the AMR. He considered that the thematic discussion should address normative and policy issues, while the focus of the AMR should be to review facts and data and assess the status of implementation.

On the theme, he first pointed out that the link between sustained economic growth and poverty reduction was complex and there was a lack of pro-poor economic policies and measures that addressed the non-income dimension of poverty. He underscored that many developing countries had a long way to go in realizing the MDGs, in particular countries in Sub-Saharan Africa. In those countries, the difficulty in reducing poverty is compounded by population growth and rapid urbanization. He emphasized the need for action both at the national and international levels. He listed ten main policy priorities at the national level: good economic management; better governance; achieving high and

broad-based economic growth; mainstreaming MDGs and IADGs in national development strategies; investing in human capital; bringing the poor and vulnerable in the mainstream of development; empowerment of women and minorities; developing infrastructure projects; promoting housing and construction sector; and promoting small and medium enterprises, including through micro-finance and micro-credit.

He emphasized that for all these efforts of developing countries, international support remains essential, and he listed five key points in this regard. First, development assistance, especially concessional development finance, constitute crucial element, while progress in increasing ODA remains the most disappointing. Second, most foreign direct investments have concentrated into few developing countries. The efforts by others to attract foreign investors have been constrained by conditionalities imposed by international financial institutions. He therefore called for targeted policy measures in order to direct investments towards the rest of developing countries. Third, fair international trade regime is indispensable for equitable and dynamic growth and the Doha Round should rectify the current imbalance. He highlighted the importance of special and differentiated treatment for the weaker developing countries in order to ensure food security. In addition, he pointed out the constraints imposed by the TRIPS regime in sectors such as health and education. Fourth, access to technology by developing countries is also one of the important aspects for development. In this regard, he stated that TRIPS regime should be reviewed by WIPO, WTO and UNCTAD in order to assess and enhance its development dimension. Finally, he underscored the importance of enhancing the voice and participation of developing countries in international economic decision-making, including through reforms of the Bretton Woods institutions. He stressed that this high-level debate should respond to the imperative of ending poverty, bearing in mind that the poor and rich must face these threats together and this could be achieved through equity.

The representative of **Portugal, on behalf of the European Union and other countries which aligned themselves**, recognized at the outset the significant progress made in the achievement of the MDGs in some regions, while at the same time acknowledged the challenges faced by sub-Saharan Africa and South Asia. He noted in this regard that poverty still remained a serious concern due to rapid population growth, inequality and limited job creation, in spite of the reduction in number of conflicts worldwide, the expansion of political liberalization and substantial improvements in governance. He stressed that growth could only improve people's lives when it was linked with adequately managed economic, financial, social and environment policies. He also highlighted the importance of ensuring equal access to productive resources, such as land and credit, as well as to basic services, such as agricultural services, health, and education, so as to improve opportunities for employment and other benefits of growth. Another issue of concern was the promotion of gender equality, since achievements in poverty reduction and development were closely interlinked with the political and economic empowerment of women. He concluded by highlighting the Aid for Trade because many of the poorest countries lack the capacity to take advantage of open markets and he considered that adjustment costs from trade liberalization were usually small compared with the overall gains from more liberalized trade.

The representative of **the United States** argued that the debate was not focusing on macroeconomic policies that each country should formulate, which the agreed theme for this discussion had intended. He encouraged discussion on elements of macroeconomic policies, such as government spending, exchange rate, interest rates, money supply, as well as regulatory and legal environment.

The representative of **Guinea-Bissau** pointed out that the theme also touched on promoting pro-poor growth at all levels, which was the focus of Pakistan's statement delivered on behalf of the Group of 77 and China. He noted that it was a unifying theme and aimed at addressing not only poverty eradication, but also improvement of the quality of lives, including through better education and environment. In the macroeconomic field, he stressed that the emphasis should be put on good governance so that public money should be spent in a transparent manner. However, he stated that good governance should not be a prerequisite for financing, in particular by the Bretton Woods institutions. He underscored that economic growth alone could not achieve poverty eradication. The theme should therefore be focused on measures for creating a better environment for people to live in.

In response to the intervention of the United States, **Pakistan** maintained that action ought to be taken both at national and international levels. The Group of 77 and China believed that the focus of the theme was "Strengthening efforts at all levels to promote pro-poor sustained economic growth," of which macroeconomic policies were just one aspect. Furthermore, their definition of macroeconomic policies was broader than that of what was indicated by the US and would also cover growth policies. He stated that Pakistan itself had tripled the revenues through macroeconomic policies. He emphasized that global policies were also needed, in such areas as trade, finance, monetary and technology access. He then posed questions on the policies regarding access to technology and agricultural subsidies of the US and the EU.

The Russian Federation emphasized the relevance of the Council's focus on poverty reduction. He noted that the link between economic growth and living standards was not always self-evident, noting that the simplified monetarist approach had marginalized the poorest. There was a need to address welfare distribution. He noted that the United Nations had been addressing development issues and highlighted the need to devise inclusive economic growth, with careful attention to social welfare. In this regard, he stated that the steps taken by Russia offered a good example. He explained that the reforms of economic policies also addressed social aspects and established clear legal framework, which improved the investment climate and laid the foundation for economic growth. As a result, income had doubled and there was improvement in social indicators. He mentioned that Russia has now completed the transition period and would aim to increase its role as a donor.

Representatives of the US and Pakistan also engaged in further exchange of views. The US observed that domestic policies may also have international impacts, such as the case for the US. In response to the question posed by Pakistan, he explained that agricultural subsidies grew out of the experience of the great depression of the 1930s to protect

domestic agriculture sector. He stated that the resulting large surplus of agricultural production had been used for food aid and humanitarian assistance in the last 30 years. Acknowledging the effects of subsidies on trade, he explained that it had been put on the table at the WTO discussion. On the question of tariff peaks, he argued that the US was trying to keep its economy as open as possible. At the same time, he invited open debate, which he considered could move things ahead. With regard to the issue of technology transfer, he stressed that the protection of intellectual property rights was necessary for advancement of technology since it would work as incentive for research and development. However, he also acknowledged the importance of assisting developing countries in order to improve their access to technologies. On the capital account surplus, he noted that this was a mirror image of large trade deficit of the US and disputed if it would create crisis. He also informed that the US was in constant consultation with major trade partners.

In response, the representative of Pakistan made the following points. While he acknowledged that the agricultural surplus may be used to help needy countries, he emphasized that the agricultural subsidies of the EU and US had a debilitating effect on developing countries' food production and were trade distorting. With regard to tariff peaks, he highlighted that the discriminating nature and escalation of some tariffs were targeting most competitive products of developing countries, such as textile and leather. On technology transfer, while acknowledging the role of IPR as incentive for research and development, he pointed out the adverse effects of its strict application, for example on life-saving medicine. He also observed that the whole system of patent was excessive, in particular for those "processes" which existed in developing countries for a long time. He stated that this called for effective assessment of the TRIPS Agreement. Finally, on the issue of capital account surplus, he stated that there was a concern on global imbalance, which would have potential impacts on developing countries. Yet, the solutions were not in the hands of developing countries. He urged the major players to assume their responsibility.