

Mister President,

Please allow me to start by congratulating you, the members of the bureau and the Secretary for the excellent work carried out during the preparation for the substantive session of the Economic and Social Council.

Mister President,

For more than one decade our countries have been applying a model of development that has given preference to the global circulation of financial capital, in particular speculative capital, over human development and the protection of the ecology. This model has been characterized by a successive series of crisis and billionaire rescue efforts that have lead to nowhere; moreover, these rescue efforts have been a veritable intervention in the market, contrary to the doctrines of economic freedom that has been professed and have been geared more to save the investors than to help the national economies.

This global pattern, in addition to giving preference to speculative capital, is impossible to finance and unsustainable because it attempts to recreate within poor, technologically backward societies, the production and consumption patterns of the rich societies. If we could summarize this development pattern in the language of a computer the model would be: **enter economics, exit humanity and ecology.**

Today, almost all the countries to which the misnomer developing is applied, actually do not develop. They continue to be trapped in non-technology intensive production and in primary exports; while they experience an urban population explosion that is expanding its cities. This combination and the scientific and technological backwardness together with a 2.5% yearly growth of the urban population due to births and immigration in these so called developing countries is **the true virus of non-development** that is transforming the planet into an urbanized society that is poor and politically unstable.

The famous global village consists today of only one well paved main-street where the 1800 million people who make up the segments with the highest income in all the countries live. The streets behind this main street of the global village are not paved, are full of shantytowns whose daily income is a little bit over 2 dollars gained by informal workers, street vendors, children without homes, delinquents and radicals submerged in totalitarian utopias and in fanatic religious revelations. These cities, the mega-cities of what was once called the third world, will be the place where the fate of both the rich and poor countries will be played out.

For all these reasons we agree with the proposition contained in the Report of the Secretary General regarding the creation of development strategies that consider the investment in human resources to be a fundamental tool in the fight against poverty. Our countries need an investment that is not material or physical, as we have traditionally understood it, but an investment in human

beings within the social network. The premise is clear: it is imperative to pay greater attention to the investment in education, health, development of the urban population, the creation of more social capital than speculative capital and in the strengthening of the democratic institutions if we wish to contribute in a positive manner to the relief, and eventually, the eradication of poverty and corruption.

The focus of the development has to be more political and less economist. The problem with development today is that the planet is becoming urbanized in poverty and this is a political as well as a cultural problem. This problem will not be resolved only by economic formulas. Economics has its limits because it is not an exact science but only discipline and this discipline is political economy rather than economics of social engineering. All this has failed, even the wealthy countries today find themselves on the verge of recession and plagued by political scandals and corruption. Therefore, there does not exist a paradigm for development. Speaking computer terms, we should type: **enter humanity and ecology exit economics.**

It is important to highlight that there is no other investment that is more decentralized and more self-perpetuating than social investment. On the one hand, investment in the people makes healthier and better-prepared workers with greater disposition and initiative towards their work and better prepared for group work. On the other hand, investment in people creates societies with more equality and justice with greater ties binding them and solidarity, with less social conflict and more trust, all of which are manifested in the greater development and growth of the society.

Within this context, it is up to the Governments to redesign their development paradigms in light of their past experiences, keeping in mind its two fundamental axes: education and health.

In reality, the relationship between education sector and business sector is marked by a lack of common objectives. The education sector does not provide neither the quantity nor the quality of professional, technicians and operators that the business sector needs. Likewise, the business sector does not give out the necessary signals to the education sector to reorient its content and its priorities. It follows, therefore, that the offer that the educational system is making to the labor market does not meet its demands, this same labor market that is ill equipped to absorb economically the active population that enters into the market.

Mister President,

In the health sphere it is essential to resolve the problem of lack of water, even more so at a time when the planet is turning into an urbanized society where there are already thousands of cities suffering from water shortages.

Without water neither life nor health can exist. According to *The Stockholm Institute for Environment*, in the year 2025, two thirds of the world' population will be affected by the shortage of water in the planet; and this is because the

water cycle of the earth is diminishing, due to the climatic changes and the urban expansion of the population. There exist already 2 billion people in 40 countries that are suffering from water shortages. Another 2 billion do not have water and sewage systems. Millions of inhabitants of many underdeveloped cities are condemned to suffer from illnesses and premature death. I do not exaggerate when I say that an indicator of low quantity and quality of water per capita will be in this century an indicator that more nation-states are definitely not viable.

Moreover, to promote health, it is indispensable that the population have access to food at all times; in other words, to ensure that the population has food security. Today, according to the World Bank, in more than 80 developing countries the production of food has lost its competitive advantage in the face of the growth of the population in the cities and in the face of the growth in the income of this population.

While more than 200 billion dollars remain used for the subsidizing of agriculture in the wealthy countries, there will be prices against which the producers from the poor countries will not be able to compete. These will end up even more impoverished and will emigrate the big cities as unemployed people. According to the Ministerial Declaration of the WTO in Doha, these subsidies must be reduced once and for all and an effective preferential treatment given so that the countries importing food will achieve food security and rural development.

In conclusion, Mister President, without water the production of food will be impossible and without food and water there will be no health. We have to return to the basics and worry that no health program will be viable if it is not based on water and food security for the populations

Mister President:

With a view to increase the social investment, the Government of Peru accorded to reduce its military spending with the goal of freeing up economic and financial resources that will allow the investment in nutrition, health and education.

Said decision has served to allow the presentation of an initiative already presented at the bilateral, sub-regional and regional levels that has received important support from the countries of Latin America and the Caribbean. As a result of this, the member countries of the Andean Community have recently subscribed to the document known as the Andean Charter for Peace and Security in which our governments committed themselves to undertake joint actions to sub-regionally promote a credible and verifiable process of conventional weapons limitations that allow the dedication of the majority of resources to social development.

Mister President:

I wish to conclude this intervention by pointing out to the need without delay to leave aside the economist visions and turn our attention to the human vision and increase the resources for social investment, with the hope that in today's developing countries there will exist true market economies, for currently these only exist in theory because 4,800 million people in the world survive on less than 4 dollars a day. With this type of income there is no market and without a market we will not overcome the stagnation in which today's global economy finds itself.

Thank you very much.