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Financing of Global Social Development

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Madam Chairperson,

Thank you for giving me the opportunity to inform this Commission of the launching of the International Forum for Social Development and of the highlights of the first meeting of this Forum last week in New York.

This Forum is a project of the Department of Economic and Social Affairs, and a personal initiative of Mr. Nitin Desai. It is one of the efforts to implement the recommendations of the world conferences of the last decade, notably the World Summit for Social Development held in Copenhagen in March 1995. And several objectives of this Summit have become incorporated in the United Nations Millennium Declaration. Financed by voluntary contributions, the project is part of the technical cooperation activities of the Department. It could be launched because of generous contributions and pledges from the governments of Denmark, Finland and the Netherlands.

The main objective is to assist developing countries in implementing their social development objectives and in participating in the globalization process. Such participation should help rendering this process more democratic, more amenable to development objectives, and therefore more in tune with the pursuit of the common good. The mode of operation of this Forum is to bring together various actors of the public and private spheres, invited in their personal capacity for a two days debate prolonged by informal exchanges, and to disseminate as widely as possible the results of this work. Last week, forty-three personalities of various horizons and regions accepted our invitation.

The subject of the first meeting of the Forum was *Financing Global Social Development*. Allow me to make some observations inspired by the rich debate that took place during these two days and that might be relevant to the central theme of this fortieth session of the Commission, *Integration of social and economic policy*.

Before this, however, it is necessary to note that, in the logic of the text adopted by the Social summit of Copenhagen, the Forum took the concept of social development in its comprehensive meaning of pursuit of the material and spiritual well being of the individual in harmonious societies. With four main dimensions: first, the possibility given to all men and women to have an economic activity, independent or as a wage earner, and allowing a sufficient income for personal development; second, access of all to public services, including social services such as education and health, and to social security and social protection; thirdly, social development implies, in every society and now on a global scale, a search for equality through measures for redistribution of income, wealth, and other means and assets necessary for social insertion and social status; and lastly, social development is the promotion and good functioning of a large variety of institutions, large and small, public and private, permitting harmonious social relations and interactions, notably fair and secure economic transactions. Quite clearly, to adopt this perspective leads to see economic growth as a means to social development.

Let me turn now to some observations on *Financing global social development*. I shall mention six points.

The financing of social development is more problematic today than in a recent past. Such is the case in developing countries as in industrialized countries. Governments appear to have less resources to finance distributive or redistributive measures with a social intent.

This is seemingly a paradox, for there is no doubt that globally the world is richer today than yesterday, and most countries, except those victims of violent conflicts, experienced real economic growth during the last decades, albeit at a generally lower rate than during the 1960s and 1970s.

The explanation is to be found in political choices, in the determination of relative priorities in the distribution and allocation of financial resources -notably between the public and the private sectors-, choices made by those who have the possibility, the privilege and the responsibility to choose, and choices reflecting a dominant political doctrine and ideology and a structure of power rooted in precise ideas and interests. The end of the 20th century has been marked by a shift of wealth from the public to the private sphere and from the poor to the rich. This occurs at the level of regions, countries, and social groups and classes. In particular, those in control of capital have increased their power and prestige in relation to other social groups, notably industrial workers, employees and farmers.

Second observation: another major element of the process of globalization is the continuation of the historical movement towards more individual freedom and more individual autonomy. This includes freedom to engage in an economic activity, to take initiative, to innovate, and to benefit from the fruits of one's labour. It is a freedom which is the foundation of the market economy system and one of the conditions for social development. Currently, however, perhaps because the dominant culture does not

discourage the human appetite for greed and expansion, this freedom is generating instances of excessive concentration of economic, financial, and therefore political power.

Thirdly, the financing of social development, notably when it involves a redistribution of resources –at the national and international levels- has economic, political, and moral foundations. Ultimately, solidarity –financial and otherwise- rests solidly on an active awareness of common humanity, common destiny and generous search for the common good. Without such moral foundation, social development is impossible and social regression permeates societies. But, together with the moral stance, the economic rationale for a redistribution of resources ought to be fully and forcefully used. For example the Forum was informed of the proposal of a new Marshall Plan for the developing world. And healthy differences of opinions surfaced during the debate regarding the usefulness of evoking explicitly and debating the moral argument for justifying financial transfers from the rich to the poor. There is much validity in the sentiment that individual and collective virtues are all the more solid when they are kept discreet, when they are quietly embodied in daily behaviour and laws... Yet, at the very least, these virtues have to be nurtured and transmitted by the institutions that are socializing individuals. Noted also was the often forgotten fact that the quality and efficacy of a gift depend on the quality of the intentions of the giver. To give, to a person or a country or a region, is to respect the receiver, to accept reciprocity, to be willing to learn and receive. In this context, the Forum had a spirited exchange of views on the role of fear –for example fear of the revolt of the poor and the humiliated- in the rationale for arguing in favour of a different and more just world economic and political order.

Fourth point: the financing of social development calls for both a continuation and reinforcement of traditional means and policies and the adoption of new innovative measures. Examples of traditional policies in dire need of strengthening: fiscal policies and taxation systems that are fair progressive and efficient; education, the fundamental importance of which for all aspects of social development was strongly reiterated; the struggle against corruption, in all its forms; and, of course, official development assistance; the reduction and elimination of the debt burden of economically poor countries; and the improvement of the terms of trade of developing countries. Examples of proposed new measures: the Tobin tax, or any tax on international transactions or on the consumption of fossil fuels, a new Marshall Plan, and the various proposals contained in the Report of the High Level Panel on Financing for Development submitted to the Secretary General in June 2000. It was stressed that well established agreements such as ODA should not be neglected simply because they are “old” and not respected. The idea that the world is ushering in a “new era” should be kept into some historical perspective and is certainly not a justification for some “tabula rasa” in international relations. The scope and financing of “global public goods” were also issues debated by the Forum.

Fifth point: the international or global financing of social development is a complement to national efforts. This complement, however, should not be seen as an ad-hoc response to temporary problems faced by a group or category of countries, but as a permanent feature of an interdependent world. If the world is to become a real community, even an

increasingly prosperous community, there will be in the foreseeable future a continuing need for redistribution of income, wealth and power among the members of this community, and a continuing need for global resources to address global problems and global aspirations. It was said that ODA in particular should be seen as the embryo of a global system of redistribution of resources. Globalisation, as it objectively reduces the physical distance between countries and peoples, calls for expressions of active solidarity. The alternative is conflicts and increasing chaos. And such solidarity should be in financial terms as well as through sharing of knowledge and technologies. Social development cannot be the result of mere assistance. Moreover, international institutions that will be responsible for the international and global financing of social development will have to be subjected to a democratic political control ensuring the legitimacy of their action.

Sixth and last point: whereas a global contribution to the financing of social development is a necessity that is rendered more acute by the process of globalization, it remains true that individual well-being and good functioning of societies are determined at very concrete and very localised levels. To the relations and complex balances between the local and the national are now added equally necessary and difficult rapports of both with the global. Survival and progress often depend on the ingenuity of individuals and on spontaneous manifestations of solidarity. Social development, helped –or hampered– intellectually, politically and financially at the national and global levels, occurs effectively in families, enterprises and other institutions that constitute living local communities. The more the international and global layer of decisions and influences is important, the more it is necessary to be attentive to the national and local conditions for social development and its financing. This is integration of the economic and social spheres through the micro-economic and the micro-political.

A word of conclusion. A significant underlying theme of the debates of this Forum has been the relations and tensions between morality and utilitarianism. To a degree, this is another way of evoking the relations between a social perspective and an economic or financial perspective on human affairs. What needs to be constantly kept in mind can perhaps be simply summarized as follows: the moral discourse, without assiduous efforts to put principles and prescriptions into practice, and without due recognition of the role of self-interest in human action, leads only to illusion and deception; and, conversely, decisions, including on financial matters, taken only for utilitarian and selfish motives create market societies without soul nor spirit. Such should not be the socially harmonious global society into which the current process of economic and financial globalization ought to be integrated.

Thank you for your attention.

Information on the International Forum for Social Development can be obtained at <http://www.un.org/esa/socdev/forum>