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**N e w s      f r o m**  
**E C O S O C**

**Newsletter on the work of the United Nations Economic and Social Council**

ECOSOC -- The 54-member Economic and Social Council serves as the central forum for discussing international economic and social issues, and for formulating policy recommendations addressed to Member States and to the United Nations. It makes or initiates studies and reports; makes recommendations on international economic, social, cultural, educational, health and related matters; and promotes respect for, and observance of, human rights and fundamental freedoms. Subsidiary bodies, commissions and committees of ECOSOC carry out its year-round work. ECOSOC strengthens cooperation within the UN system, coordinates the work of the specialized agencies and consults with non-governmental organizations. A substantive session of the Council is convened annually in July, and supplementary formal meetings as well as informal panels on topical issues are held throughout the year.

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**ECOSOC 2004 Bureau:**

- H.E. Ambassador Marjatta Rasi (Finland),  
President
- H.E. Ambassador Yashar Aliyev (Azerbaijan),  
Vice-President
- H.E. Ambassador Daw Penjo (Bhutan),  
Vice-President
- H.E. Ambassador Stafford O'Neil (Jamaica),  
Vice-President
- H.E. Ambassador Jagdish Koonjul (Mauritius),  
Vice-President

**ECONOMIC AND SOCIAL COUNCIL  
ELECTS NEW PRESIDENT FOR 2004**

On January 21 2004, the Economic and Social Council elected H.E. Ambassador Marjatta Rasi of Finland as its President for 2004, the first woman to hold that post.

The Council also elected as Vice-Presidents H.E. Ambassador Daw Penjo (Bhutan), H.E. Ambassador Jagdish Koonjul (Mauritius), H.E. Ambassador Yashar Aliyev (Azerbaijan), and H.E. Ambassador Stafford O. Neil (Jamaica) (*continued*).

## **ECOSOC ELECTS NEW PRESIDENT FOR 2004 (continued)**

In his statement to the Council, the outgoing President H.E. Ambassador Gert Rosenthal (Guatemala) said he was relinquishing the presidency, more convinced than ever that the Economic and Social Council had a unique role to play within the United Nations in the furthering of development, international cooperation, the observance of human rights and humanitarian assistance. At the same time, he felt that the optimum use of the Council's potential to fulfil that role was not being made. Now that various initiatives for change were in the air -- the revitalization of the General Assembly promoted by President Julian Hunte, the High-level Panel on Threats, Challenges and Change designated in October by Secretary-General Kofi Annan -- he hoped it would be possible to move ahead with the strengthening of the Council.

He said the key to have the Council rise to its potential could be found in a more ample, focused and rigorous fleshing out of each of its generic functions, which included analytical, normative, advocacy, coordinating and oversight activities. It was necessary to raise the bar of the Council as a forum for policy debates, beginning with the selection of the themes to be examined at the yearly high-level segment. That segment should not be viewed as a routine, once-a-year event, but as a singular opportunity to make vital contributions to the policy debate on issues of development and international cooperation.

It was also necessary, he said, to take more seriously the Council's role of promoting coherence, coordination and cooperation within the United Nations system and even within the Secretariat. Among the tools it had at its disposal to do were the integrated and coordinated implementation and follow-up to the outcomes of major United Nations conferences and summits, as well as the spring meeting with the Bretton Woods institutions, the WTO and, as of next year, UNCTAD.

## **ECOSOC work in 2004**

In her opening statement, the new President of the Council H.E. Ambassador Marjatta Rasi outlined the ambitious agenda that the Council will have in 2004. According to the President, among the Council's priorities will be to further promote and strengthen the efforts to reform the work of the United Nations in the economic and social sectors. The issue of ECOSOC reform, which has been on the agenda for quite some time, was the main theme of the coordination segment during the 2002 session. The Millennium Declaration as well as the Monterrey Consensus and the Johannesburg Plan of Action have given new mandates to the Council and the Council has an important role to play in the follow-up to these conferences.

The Ad Hoc Working Group of the General Assembly on conference follow-up, in resolution 57/270B, called specifically for strengthening the role of ECOSOC in promoting coherent conference implementation. The resolution requests the Council to establish, no later than 2004, a multi-year work programme for reviewing themes common to conferences at its coordination segment.

### **Substantive Session**

The theme of this year's high-level segment is: "Resources mobilization and enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001 – 2010". Preparatory meetings for the segment, including a NGO Forum, will be held in February and March. The first preparatory meeting for the high-level segment will be held on 17 February 2004 at the UN headquarters in New York and it will feature a number of roundtables which will examine different aspects of the theme. The roundtables will be followed by a dialogue between the Council and regional commissions, regional development banks, regional development funds, LDCs and their development partners to bring in the regional aspect, including South-

South cooperation, into the high-level segment preparatory process.

On 17 and 18 March 2004, the Council will organize a one and a half day meeting during which it will hear presentations and reviews by a number of LDCs and their development partners on successes achieved, or problems encountered, in creating an enabling environment conducive to the mobilization of resources for poverty eradication. The meeting will be followed by an NGO forum.

The 2004 coordination segment will address two themes: "Mainstreaming the gender perspective into all policies and programmes in the United Nations system" and, "Coordinated and integrated United Nations approach to promote rural development in developing countries, with due consideration to least developed countries". The theme on rural development is related to last year's and this year's high-level segment theme and will thus allow the Council to address both the policy and system-wide coordination aspects of the theme, as foreseen in the Council's agreed conclusions 2002/1.

The 2004 operational activities segment will undertake the triennial comprehensive policy review of operational activities for development. The way UNDAF works will also be assessed, which is an important issue for UN reform. The operational activities segment will be closely related to the humanitarian affairs segment, which will be an opportunity for ECOSOC to give guidance on how to strengthen the coordination of emergency humanitarian assistance of the United Nations.

This year, a few well-targeted panels will be held in conjunction with the segments. These panels will be geared to support the Council in its deliberations and to provide innovative ideas on the specific themes. More information regarding the preparations for the substantive session will be posted on the ECOSOC website at [www.un.org/esa/coordination/ecosoc/](http://www.un.org/esa/coordination/ecosoc/)

## **Spring Meeting**

The ECOSOC, together with the BWIs, WTO and UNCTAD, will hold its annual Spring meeting on 26 April 2004 at the UN headquarters in New York. The meeting will be an opportunity to build on last year's success by focusing the discussion on specific issues, within the integrated approach of the Monterrey Consensus.

## **Ad Hoc Working Groups on African Countries Emerging from Conflict**

In 2004, the Council will also continue to consider the situation of African post-conflict countries, through the work of its ad hoc advisory groups on Burundi and Guinea-Bissau. The Burundi Group will present a report with its recommendations to the Council at its forthcoming organizational session, to be held from 3-6 February 2004, during which a progress report on the work of the Guinea-Bissau Group will also be considered. In addition, at its substantive session in July, the Council will undertake an assessment of lessons learned based on the initial experience of these two Groups and of progress made in the implementation of their recommendations.

## **AD HOC ADVISORY GROUP FOR BURUNDI: PROGRESS ACHIEVED 2 JANUARY 2004**

The Ad Hoc Advisory Group on Burundi, which was established by ECOSOC in its resolution 2003/16, is moving forward on peace-building for Burundi. In line with its mandate, the group has been examining the humanitarian and economic needs of Burundi, reviewing relevant assistance programmes, preparing recommendations for a long-term programme of support and providing advice on how to ensure that the assistance of the international community in supporting Burundi is adequate, coherent, well coordinate and effective and promotes synergy.

The Ad Hoc Advisory Group visited Burundi from 19 to 26 November 2003, to meet with national and international development stakeholders. On the governmental side, the Group met with the President and the Vice-President of the Republic and had a working session with a number of Cabinet Ministers, led by the Minister of Planning, Development and Reconstruction. Meetings were also scheduled with the Bureaux of the Senate and of the National Assembly, the Implementation Monitoring Committee, an independent body created to monitor the implementation of the Arusha Agreement for Peace and Reconciliation in Burundi, as well as the President and Vice-President of the National Commission for the Rehabilitation of *Sinistrés*, which is to coordinate support to refugees, internally displaced persons and returnees.

In order to better fulfil its mandate, the Group further met with representatives of the Chamber of Commerce, Industry and Arts & Crafts of Burundi and around forty civil society organizations. The Group had a short visit to Gitega, one of the provincial capitals in the center of the country, for discussions with the Governor and members of the regional authority and to visit projects supported by the UN agencies and an IDP site supported by WFP.

The Ad Hoc Advisory Group on Burundi will present its report to the Council for consideration at the ECOSOC organizational session, to be held from 3-6 February 2004.

### **COMMITTEE ON NON GOVERNMENTAL ORGANIZATIONS HOLDS RESUMED SESSION**

The 2003 Resumed Session of the Committee on Non- Governmental Organizations, held from 15-19 December 2003, ended on a note of solid achievement. The fact that the Committee's Regular and Resumed sessions were held within the same calendar year is testimony to its members' commitment to improving the efficiency and effectiveness of their working methods. To re-establish the chronological integrity of its annual sessions, the Committee

has proposed that its next Regular Session be held from 10 to 28 May, 2004 to be followed by a Resumed Session in early September of the same year.

The restructured meeting schedule is expected to significantly enhance the Committee's support to ECOSOC by making it possible to present a consolidated yearly report to the Council at its Regular Session. In addition, the new schedule will allow adequate time to prepare and submit the Committee's documentation in full compliance with the set time frame for processing official documents.

The 2003 Resumed Session presented the Committee with a heavy workload. During its one week of meetings, the Committee had before it 128 new and deferred applications for consultative status; six requests for reclassification of status and 65 new and deferred quadrennial reports. Of these the Committee recommended 69 organizations for ECOSOC status, decided that upgrades in status were justified for three NGOs and took note of 52 quadrennial reports.

The Committee's recommendations on the granting of status during this session were particularly noteworthy in that it significantly advanced the ongoing effort to redress the imbalance in the Council between the heavily represented Northern NGOs and the relatively small number of NGOs from the South holding status. Of the 69 organizations recommended for status at the Resumed Session, over half were from under-represented regions, or as specified in ECOSOC resolution 1996/31, from developing countries and countries with economies in transition.

On the last day of the session, the Committee was briefed on the programme and objectives of the Secretary-General's Panel of Eminent Persons on Civil Society and United Nations Relationships by Ms. Mary Racelis, a member of the Panel, and Mr. John Clark, its Project Manager. The Committee learned that the Panel was in the process of drafting its report based on information gathered from a broad and representative sample of civil society groups on

issues such as the impact of globalization, the development of organized civil society and the evolution of United Nations-civil society. Among the issues addressed would be the need for a definitive definition of 'civil society', finding ways for civil society to interact with the United Nations from a distance, thereby alleviating the accreditation process, and analyzing the new trend of coalition –building that brings diverse and often disparate actors together to address a particular concern.

The progress report on the UN NGO Informal Regional Network (UN-NGO Irene), presented by the NGO Section of the Department of Economic and Social Affairs, emphasized the priority given to activities in support of the Committee's mandate to "achieve a just, balanced, effective and genuine involvement from all regions and areas of the world". To this end, the Committee was informed that the Section maintained a system-wide exchange on NGO-related issues as well as an ongoing dialogue with the Secretary-General's Panel of Eminent Persons on Civil Society and United Nations Relationships.

Pointing out that the Outreach Programme also centred on promoting geographically diverse representation and equitable NGO participation in the intergovernmental process, the Section reported that, following the April 2001 formal launch of UN NGO-Irene in Aracaju, Brazil and the establishment of UN-NGO-IRENE /AFRICA in January 2001 in Hammamet, Tunisia, UN-NGO-Irene/Eastern Europe had been launched in May 2003, in Bucharest, Romania.

Altogether 26 missions, had been undertaken in 2003 in order to mobilize participation in the ECOSOC High-Level Segment, to prepare the ground for launching the remaining Informal Regional Networks, (four in 2004 and three in 2005) and to explore ways for NGOs in status to enhance their contributions to the Council's work with special emphasis in the achievement of the Millennium Development Goals. Altogether, at the end of the 2002-2003 biennium, activities undertaken in connection with UN-NGO-Irene had resulted in the formulation of

six project proposals, three substantive regional meetings and preparation for "the World Summit + 10" scheduled for November 2004.

Furthermore, in collaboration with one of the UN-NGO-IRENE partners, UNPAN (United Nations Public Administration Network of the Division for Public Administration and Development Management), the Section had completed the design of a UN-NGO-IRENE web site which posted the main activities of the network and other relevant activities of the NGO Section. Additionally, since August 2003, a free UN-NGO-IRENE news letter, the "UN-NGO-IRENE Update" had been sent by e-mail at the end of each month to NGOs in consultative status with ECOSOC, the UN-NGO-IRENE partners, and various other interested organizations and individuals.

With regard to the "Paperless Committee", the electronic meeting system launched at the Committee's Regular Session in May 2003, the presentation made note of the fact that the project had evolved still further and that the NGO Section had recently implemented Phase IV of its design, intended to provide members with an electronic key to access the Committee documentation. Committee members had been introduced to the new application and some had already used it to access information online from their missions.

Referring to the absence of the individual laptop computers provided to each member at the May 2003 session, the NGO Section explained that owing to the non-renewal of the corporate loan of the necessary hardware and peripherals, it had been impossible to conduct a fully electronic Resumed Session. The Committee was assured that the setback would be temporary thanks to the generosity of World Jobs and Food Bank, Canada, an NGO, which had received Special consultative status in 2003. The Committee was informed that the organization had offered to make a voluntary contribution of all the equipment needed to implement the electronic meeting system and as the official procedures for accepting the contribution were already underway, members could reasonably

expect that the forthcoming 2004 Regular Session would once again be “paperless.”

Following NGO Section’s progress report on the Outreach Programme and UN NGO Irene, the Representative of Turkey announced the decision of his government to contribute \$10,000 to the General Voluntary Trust Fund in Support of the United Nations NGO Informal Regional Network. This amount, pledged by the Government of Turkey represents the first contribution received into the Trust Fund since its establishment by ECOSOC in 2002.

The end of the committee’s 2003 Resumed Session also signaled the end of the term of office for its chairman, Ms. Mihaela Blajan of Romania. There can be no doubt that Ms. Blajan, one of the few women to preside over this 57 year- old body, has left an indelible mark during her incumbency.

By rotation, the next Chairman will be drawn from one of the four seats representing Asia in the Committee

## **58<sup>TH</sup> SESSION OF THE GENERAL ASSEMBLY**

### **2003 report of the Economic and Social Council**

On 20 October 2003, the President of the Economic and Social Council introduced the report of the Council for 2003 (A/58/3, Part I) to the General Assembly.

Delegates welcomed the work of ECOSOC in 2003. The importance of revitalizing and reinforcing the Council’s role was stressed by all speakers. Speakers agreed that the role of the UN as a whole in economic and social affairs, including its relationship to the Bretton Woods Institutions (BWIs), would need to be rethought and reinvigorated. The suggestions by the President of ECOSOC on reforming the Council also merited careful consideration.

There was broad consensus on ECOSOC’s key role in system-wide coordination and in promoting coordinated implementation of major UN conferences and summits. G-77 looked forward to a summit on development in 2005 to assess progress in eradicating poverty and achieving other internationally agreed development goals in poor countries. ECOSOC’s decision to finalize, by its 2004 session, the multi-year programme of work of its coordination segment on common conference themes was welcomed.

ECOSOC’s operational activities segment had revealed a greater willingness of donors to provide UN operational activities with more adequate resources. Speakers stressed the importance of resuming a dialogue after the failure at Cancun. Market access, subsidies and special and differential treatment were key obstacles to rural development, as ECOSOC’s high-level segment had reiterated.

The establishment of the Ad Hoc Advisory Group on African countries emerging from conflict was seen as an opportunity to improve ECOSOC’s role in filling the gap between relief efforts and long-term reconstruction and development. It would provide useful lessons for enhancing coordination between ECOSOC and the Security Council in such countries.

## **SECOND COMMITTEE OF THE 58<sup>TH</sup> SESSION OF THE GENERAL ASSEMBLY CONCLUDES ITS WORK**

The Second Committee of the 58<sup>th</sup> Session of the General Assembly, chaired by H.E. Ambassador Iftekhar Ahmed Chowdhury (Bangladesh), completed its work on 16 December 2003. The Committee had begun its work 1 October 2003 by holding its annual general debate. The backdrop of the discussion was the fledgling global economic recovery, fraught by continuing geopolitical uncertainties and economic imbalances, and the setback at the Cancun Ministerial Conference. A key strand of the debate was the impact of globalization and the fragile world economic situation and its implications for development and poverty eradication. The need to implement commitments

made at the Millennium Summit, Monterrey, Johannesburg and other major UN conferences and summits resonated in several of the statements made. In his introductory statement, Mr. Jose Antonio Ocampo, Under Secretary-General of DESA, focused on the governance of globalization, highlighting the need of building a global citizenship in order to tackle global challenges and of overcoming the asymmetries that characterize the current global system.

The central issue for the Committee was to reform its methods of work and re-orient its programme of work, including re-arranging its agenda items and re-defining its requirements for reports. This was mandated by General Assembly resolution 57/270B dealing with the integrated and coordinated follow-up of UN conferences. After extensive negotiations on the issue, the Committee adopted decision 58/554 by 146 votes in favour and three against (US, Israel and Marshall Islands) and one abstention (Nauru).

The second important issue this year was the follow-up to the International Conference on Financing for Development. The Second Committee adopted by consensus resolution A/RES/58/230 which gives directions for preparing the Spring meeting of ECOSOC with the Bretton Woods institutions and the WTO and requests the Secretary-General to prepare a report on possible innovative sources of financing for development. ECOSOC is also asked to reflect on the institutional framework for international tax cooperation.

Other resolutions that attracted the most attention this session were the ones on trade and development, external debt and the international financial system. On trade, the Committee adopted resolution A/RES/58/197 which makes a strong plea for redoubling efforts to resume the negotiations after the setback at Cancun, and to achieve a development oriented outcome by January 2005. It points to several areas where WTO members should redouble efforts (notably implementation of earlier commitments, strengthening provisions for special and differential treatment, improving market access, reducing agricultural subsidies, and solving the

problems in the area of cotton). The resolutions on external debt crisis A/RES/58/203 and international financial system A/RES/58/202 did not break much new ground except ensuring that separate reports will be presented on these issues during the next session.

In its groundbreaking resolution on international migration and development A/RES/58/208, the Committee recommended that the Assembly devote its high-level dialogue in 2006 to international migration and development. The dialogue –the outcome of which would be a President’s summary- would aim at maximizing the development benefits of migration.

The Committee also launched the preparations for the 2005 review of the Programme of Action for Small Island Developing States, to be hosted by Mauritius. In its resolution A/RES/58/213 it decided that the meeting will be held from 30 August to 3 September 2004 and urged the highest possible level of participation in the meeting.

Other important outcomes include comprehensive resolutions on globalization and interdependence A/RES/58/225, on the Least Developed Countries A/RES/58/228, and on the follow-up to Johannesburg A/RES/58/218. In resolution A/RES/58/214 the Committee decided to convene a World Conference on Disaster Reduction in 2005 at senior officials’ level, in resolution A/RES/58/217 proclaimed 2005-2015 the International Decade for Action “Water for Life”, adopted a resolution A/RES/58/210 on new and renewable sources of energy, granted to the World Tourism Organization the status of a UN specialized agency in resolution A/RES/58/232, and adopted a set of elements for protecting critical information infrastructure, i.e., cyber security A/RES/58/199.

In an effort to bring new ideas to the Committee’s work, the Committee heard a number of high-level panel discussions on the topics of Corporate Responsibility; Microcredit, Poverty Eradication and the Empowerment of Women; Partnerships; Trade; and Science and Technol-

ogy for Development; as well as several keynote addresses including by Nobel Laureate Professor Joseph Stiglitz, Director-General of ILO Mr. Juan Somavia, Chief Economist of the World Bank Mr. Francois Bourguignon, and the Administrator of UNDP Mr. Mark Malloch Brown. A large number of Permanent Representatives engaged in the debates of the Committee and in its panel discussions.

### **Second Committee keynote address on “Prospects for development from Crises to Cancun”**

On 15 October, 2003, the Second Committee heard a keynote address by Professor Joseph Stiglitz, Nobel Laureate and Professor of Economics and Finance of Columbia University on “Prospects for development from Crises to Cancun.”

Professor Stiglitz presented an overview of the failure of globalization to deliver development, in particular examining capital flows, debt, and trade. He proposed the creation of a UN “Economic and Social Security Council” to move economic decision-making into a broader and more representative forum and out of the hands of misguided financial institutions and special interests.

Professor Stiglitz recalled that, in the 90s, it was believed that globalization held great promise, and capital markets were liberalized and international trade expanded in anticipation of shared rewards. However, at the end of the decade, it appeared that the poor of the world were not better off. Professor Stiglitz identified the lack of a vision for a fair global economic order, a prevalence of special interest politics, an unfair global trading regime, and global institutions advocating the wrong policies (emphasizing price stability above growth and employment) as several reasons to explain the failure. Poor global governance was the underlying problem, he said. In his words: “Economic globalization had outpaced political globalization.”

He cited a need for global collective action to accompany the growing interdependence

among nations brought on by globalization and accused finance and trade ministers of making decisions with broad impact without incorporating other interests. Professor Stiglitz recommends a reform of the global financial architecture, which he asserted contains the same people and the same flaws as previous incarnations, but in a different configuration. He stated that it currently fails to address the underlying sources of economic instability that harm developing countries: interest and exchange rate fluctuations (and concomitant high levels of debt) and the volatile global reserve system. He noted that the IMF has recently acknowledged the problem, but Professor Stiglitz claimed much of the agenda had been shifted to the WTO, for instance, in the guise of the Singapore Issues.

To change the status quo, which he finds unacceptable, Professor Stiglitz urged the UN to take a stronger role in the governance of the global economic system. He proposed an Economic and Social Security Council through which all stakeholders could bring their views to the table and that would aim to promote a fairer and better global economic order. He suggested three issues in particular that would benefit from the work of such a council: Capital market liberalization, sovereign bankruptcy, and Iraq reconstruction. He also cited a special need to consider the forgiveness of odious debts borne by many countries.

He concluded that development is possible but not inevitable, and stated the need for more economic assistance in order to meet MDGs. He confirmed his belief that trade can facilitate development, but that a fair regime is needed, and that the developed world has a moral obligation to deliver the promises it made under the Doha Round.



## **Second committee keynote address on the social dimension of globalization**

On 27 October 2003, the Director-General of the ILO, Mr. Juan Somavia, gave a keynote statement on the social dimension of globalization to a gathering of delegates from the Second and Third Committees, during the 58<sup>th</sup> Session of the General Assembly.

He acknowledged the reform process currently under way at the UN and said that many of the conference commitments of the 1990s had originated from the Second and Third Committees as well as from ECOSOC. Although change was sometimes necessary, he hoped the focus would now be on realizing these commitments rather than on undertaking new analysis.

He said that the perspective that the ILO was trying to bring to these issues, through the World Commission on the Social Dimension of Globalization was simple: examining globalization through the eyes of people. One of the problems to date has been an overemphasis on looking at people through the eyes of policy and not visa versa. He felt that for sometime people had given globalization the “benefit of doubt” as they had had hopes for it. But they had started questioning this as they felt that the benefits of globalization had not materialized or were not fairly distributed, but instead benefited some countries and sectors over others. He was optimistic that this trend could be reversed, that benefits could reach more people and that this was the sense captured in the Millennium Declaration. This could not however be done with the current model of globalization which was untenable and only invited political tensions.

From this people-centric angle, what has been so far the greatest failure of globalization the Director-General asked? In his opinion, it was a failure to create jobs where people live: 1 billion people are currently unemployed, underemployed or working poor and yet there are 100 million new entrants to the labour market every year. This cannot be separated from issues like child labour, increased cross-border

migration and the spread of the informal economy. The effects of these labour market developments are of key importance. The existence of a large pool of unemployed and underemployed persons is undermining respect for fundamental principles and rights at work. A culture of “take it or leave it” has emerged, and the rights of workers are being seriously compromised. These are not new issues. Employment, together with poverty eradication and social integration were the three main pillars of the 1995 Social Summit.

He welcomed the current international consensus regarding the fight against poverty. He emphasized however that poverty cannot be eradicated without creating jobs. That is why, he said, this axis of globalization is not working. He illustrated this by postulating what the view of globalization would have been if full employment existed. Probably less backlash. This is the biggest political challenge nowadays, and no politician can expect to be elected if he/she is not able to offer something tangible in this area.

Mr. Somavia felt proposed the following changes:

Macroeconomic policies need to change. To date there has been a strong commitment to financial and monetary stability, controlling inflation and balancing national budgets, rather than to job creation. Yet an economy cannot be organized around these objectives only. They should not constitute an objective in itself. Instead, policies should be formulated to encourage productive investment, enterprise growth, and job creation. Macroeconomic policies can be a tool that creates such a conducive investment environment. Director-General Somavia said a sea change was already under way: for example in Africa, African Union leaders had recently agreed to hold next year a Summit on Poverty and Employment – a link that, unfortunately, is missing in the Millennium Declaration. Employment-poverty reduction linkages have also been emerging quite strongly in various Latin American countries.

The present model of globalization has promoted the global dimension of economic policies, while forgetting the local. A shift in emphasis is needed to give priority to people, livelihoods, and the voice of the community. It is another example of the imbalance that should be redressed.

As globalization has accelerated, the importance of work has been devalued – the protection of capital has become more important than the protection of people. Monetary and financial issues are important, but not to the exclusion of human security, work and social protection. One of the most contentious issues is that labor has often been considered as a cost of production only. One should always remember that there is a human being behind this reality. Work is not just a source of income. It is also a source of dignity and a fundamental element of peace in the community and social stability. It is at the core of the governments' and private sector's credibility. These historic tensions between the economic and the social/human dimensions of work date back at least to the end of the 19<sup>th</sup> century. They led, among others, to the creation of the ILO in 1919. There is an urgent need to restore a proper balance between these two dimensions. Collective bargaining, the right to organize and social dialogue are important instruments for addressing all aspects of work, but they are also key elements in a society as a whole.

Apart from the over-emphasis on macroeconomic policy and the under-estimation of the value of work, Mr. Somavia considered the "rules of the game" to be unfair. The liberalization of financial markets and the interconnectivity of financial markets, made countries (e.g. Brazil) vulnerable to "contagion" when there were financial crises in other economies. He also emphasized what he considered as a lack of coherence in the way countries are responding to economic and financial crises. While developing countries are urged to "adjust" and reach budget surpluses, industrialized countries are allowing themselves margins of flexibility leading to growing budget deficits. He said this lack of global coherence of economic policies was detrimental to the world

and created a sense of unfairness. He therefore called for more coherence in the global economic policy.

Referring to the outcome of Cancun, Director-General Somavia was of the view that the current trading system did not allow latecomers to build up their capacity. He said that he often met business leaders (one of ILO's constituents, together with governments' and workers' representatives) who were not opposed to competition as long as the rules were fair. He noted that industrialized countries had been allowed to build up their capacities before opening up their markets; while competitive countries like China and the "Asian tigers" had "selectively" opened up their markets to competition. As a matter of fact, no country accessing the international trading system had ever been able to do so while opening its market from one day to another. Fairer rules giving the developing countries the opportunity to adapt gradually to this new environment were therefore essential.

He also stressed the importance of the multilateral system as well as the urgent need for policy coherence among the various international organizations. There needs to be a move away from a "sum of incoherent parallel policy making", he said. Mr. Somavia gave the example of sustainable development as well as employment, which no single organization could pursue on its own, but to which all of them could contribute. Referring to the issue of investment, he noted that, in the 1970s and 80s, there had been attempts to deal with the merging concerns through codes of conduct. In the 1990s, it was through the OECD framework - which had failed. Now there was another attempt to address this complex issue through the WTO. However, why, asked the Director-General, was investment being considered from the trade perspective only when there were obviously many other dimensions to be considered? A common approach among the relevant international organizations was, therefore, absolutely indispensable.

Referring to the General Assembly's and Second/Third Committees debates, the Director-General said that migration was another multi-dimensional issue emerging very strongly on the international scene. In this regard, he mentioned the forthcoming discussion on migration at the International Labour Conference in June 2004. He went on by saying it was worth noting the change of attitude vis-à-vis the movement of capital and the movement of people. While there had been in the past centuries a strong control of capital but an almost free movement of people, we were now witnessing the exact reverse. On the issue of coherence and the need for a multi-dimensional approach, he called for the strengthening of ECOSOC as a vehicle for bringing about this coherence and approach. He also stressed the key role to be played by governments in ensuring this policy coherence at both national and international levels.

Mr. Somavia concluded by saying that the concerns he raised were being considered by the World Commission on the Social Dimension of Globalization. The work of the Commission marks an effort to engage in dialogue among diverse groups of people and to respond to demands for participatory democracy at the local, regional and international levels. It is an attempt to tackle the challenges of making the benefits of globalization accessible to people, and to address economic and social policy issues from both a national and international perspective. In his view, the UN system has a key role to play in bringing about this change and there is no alternative, even though it goes through its "ups and downs".

### **Second Committee panel discussion on international trade and development**

On 31 October 2003, the Second Committee held a panel discussion on international trade and development. The failure to achieve consensus at Cancun dominated the panel's deliberations. Panelists sought to establish the sources and implications of dissension among WTO members and to suggest measures for breaking the current impasse. Political will and a conciliatory spirit were seen as vital to realizing the Doha agenda and to advancing trade

talks. The contentious topics of agriculture, subsidies, tariffs and the Singapore issues were also at the fore. Furthermore, speakers debated the efficacy of trade as a vehicle for developing countries to escape poverty.

Mr. Pascal Lamy, Trade Commissioner of the European Union, accented the need to ascertain the veritable causes of discord at Cancun. He characterized the recent WTO dispute as inevitable, rather than a mere accident as posited by some. Mr. Lamy asserted that the G90 groups (the group of African, Caribbean and Pacific countries together with other LDCs), deeply concerned with the erosion of their respective markets through the reduction of trade preferences, didn't have a large enough stake in the talks to see them succeed. The G20 for its part had common positions only parts of the trade agenda. The emergence of these large groups clearly signaled that the other countries had better address their concerns, lest future trade rounds meet a similar fate. The weak support to the Trade Round within the United States was cited as an impediment to achieving consensus, especially with regard to the issue of cotton.

In addition, Mr. Lamy attributed the stalemate at Cancun to deep institutional defects within WTO. According to the Trade Commissioner, the WTO was a medieval organization rife with deficiencies, particularly with regard to procedures and modalities. However, the greatest obstacle remained that no actors would agree to tackle the organization's shortcomings, despite unanimous recognition of their existence. Moreover, there were ambiguities regarding the definition of and means by which to approach development within the Organization. Biases and preferential treatment were quite common and needed to be eliminated. To this end, he called for the reduction of tariffs as a mechanism for greater equality. Members needed to reach agreement on how best to remedy these flaws in order to enjoy a more effective instrument for trade negotiations.

Mr. Lamy averred that sober reflection and distance were required on all sides in order to proceed. All WTO members needed to agree upon acceptable concessions within their respective

camps before reconvening at the ministerial level. For its part, the European Union was willing to relaunch the Doha talks hoping that Member States would be prepared to reengage in dialogue by the General Council meetings in December. Mr. Lamy reminded delegations that many countries, notably the G21 and the G-90, had disagreed with the text presented by the Mexican presidency at the end of the Cancun meeting and expressed surprise that a number of those countries had recently considered at the APEC meeting that it should serve as a basis for negotiation.

In conclusion, Mr. Lamy declared that the MDGs could not be achieved in the absence of an effective multilateral trading system. The disagreement at Cancun was the manifestation of some very deep-rooted problems and that the European Union was prepared to confront them in the spirit of cooperation. The Member States were at a crossroads and if they were willing to match the EU's resolve by moving on substantive positions, resolution would be forthcoming. Mr. Lamy noted that EU had made significant concessions, for instance by accepting to eliminate export subsidies on products of interest to developing countries.

Mr. Clodoaldo Hugueneu, Under-Secretary General for Economic and Technological Affairs of the Ministry of External Relations of Brazil, posited that there was no substitute to trade for the achievement of the MDG's, or the Monterrey objectives. Towards those ends, Mr. Hugueneu averred that trade liberalization needed to assume a central role in addressing developmental and agricultural issues. There were no alternatives to multilateral trade negotiations or to free trade as a catalyst for development. Bolstering the multilateral trading system would enable all Member States to benefit and would strengthen the WTO process.

Mr. Hugueneu emphasized that Cancun was by no means the first failure to reach agreement at a multilateral trade meeting. However, he did stress that Member States should have agreed upon many issues before arriving at Cancun, particularly increased market access. According to Mr. Hugueneu, Cancun was destined to fail

as far too many issues were left open, frustration from previous trade rounds was left unresolved and the G8 countries seemed apathetic to the concerns of developing nations. Still, progress was being made in Cancun on agriculture between the G21, the US and the EU. Ultimately, consensus would have been attainable had the agricultural items and Singapore issues been addressed in advance.

Nonetheless, Mr. Hugueneu portrayed the posture of the G21 countries as a positive development. He characterized it as a watershed moment which would likely encourage the United States and the European Union to promote more fair and inclusive policies. Reiterating points made by Mr. Lamy, he stressed the imperative for all Member States to reflect upon Cancun and to transmit positive signals by the time of the General Council meetings in December. Moreover, he cautioned that 2004 would likely be a very trying year, notably for EU and the US, and that therefore, a road map needed to be devised to mitigate potential deviations. In addition, Mr. Hugueneu called upon Member States to be ambitious in setting goals for the coming year.

In conclusion, Mr. Hugueneu declared that the problems experienced at Cancun could have been avoided had the interests of the developing countries been more keenly appreciated. These nations have been living under imposed rules that fail to address their needs and interests. He noted that developing countries have been requested to assume greater responsibility within the international trading system and that trade rules had from the beginning not encompassed their special interests. However, they have not been bestowed greater influence, nor have the benefits of international trade been more equally distributed.

Mr. Roberto Bissio, co-director of the Instituto del Tercer Mundo (Third World Institute) a non-profit research and advocacy organization based in Uruguay, noted the multiplicity of outcomes that result from different types of liberalization agreements and highlighted the need for negotiation to balance various losses and wins among parties. He emphasized that it is

possible for countries to honor their commitments to development made at Doha by following the ten actions points espoused by Eveline Herfkens of the Millennium Development Goals campaign, which include the frequently cited steps of eliminating agriculture subsidies, allowing price protection for commodities and revising trade rules to make it more favorable to developing countries. He objected to the pressure put upon some countries at trade negotiations to take decisions counter to their national interests. He also conveyed concern over serious procedural problems at the ministerial meetings and the way in which the WTO is run, citing a lack of transparency and democracy. On the Singapore issues, Mr. Bissio asserted that 90 countries did not support discussing them going at Cancun, and, without consensus, therefore, it should not have been addressed. He blamed a lack of clarity and transparency and “medieval” procedures of the WTO for the failure of the negotiations.

### **Second Committee panel discussion on globalization**

On 10 November 2003, the Second Committee held a panel discussion on globalization which featured Professor Jagdish Bhagwati, Columbia University; Professor Paul Krugman, Princeton University; Dr. Manuel Orozco, Inter-American Dialogue and Mr. Jean Pierre Ouedraogo, Ligue des Consommateurs du Burkina Faso as panellists. Professor Jagdish Bhagwati, Columbia University, declared himself a proponent of globalization, though he cautioned that it is a very broad and complex topic. He addressed the social implications of globalization, which is most often part of the public discourse. He warned that ‘globalization’ is a multifaceted phenomenon, and stressed the need to disaggregate its various components (trade, activities of multi-national corporations, short-term capital flows, migration, technology flows, intellectual property, etc.) for more meaningful analysis. For instance, while the Asian financial crisis was largely a result of *financial* liberalization, *trade* liberalization had led to an “economic miracle” in some countries in the region; hence, globalization as a whole was not to blame. Economic globalization has to be dif-

ferentiated from social globalization. In this regard, Professor Bhagwati stated that globalization has a human face and does benefit the poor. He cited the example of how globalization can improve the problem of child labor. Therefore, he urged developing countries to implement sound macroeconomic policies and look for the optimal speed at which to liberalize in order to ensure that their citizens benefit economically and socially. He reiterated the importance of morality in addressing the social agenda, and warned that sanctions are counter-productive. He concluded by suggesting that that international community must continue to make globalization more inclusive.

Professor Paul Krugman, Princeton University, admitted that while once a confident advocate of globalization, he now feels the arguments in favor are less persuasive. He listed several examples of countries that experienced export-led growth, including South Korea, China, Indonesia and Bangladesh, which resulted from an increase in globalization and trade. Despite this evidence of success, two main points have weakened the case for unfettered globalization. First, capital market liberalization (which is distinct from trade liberalization, but closely accompanied it in the globalization process) can be held accountable for the financial crises that wracked Mexico in 1994, Asia in 1997 and Argentina in 2001, and from which these countries have not yet fully rebounded. Second, globalization has failed to produce the series of economic miracles that it had been expected to deliver, particularly in Latin America, where it was hoped that the earlier success of the Asian “tigers” would be repeated. In order to rally the world behind globalization again, he suggested, there will need to be more success stories of export-oriented growth. Some promising stories, such as that of India, which is showing signs of take-off in non-traditional (i.e. non-apparel) exports, are not getting enough exposure and discussion. Prof. Krugman warned that in our current economic environment, globalization must be positioned as more modest and humane than it had been in the ‘90s when it was argued that growth would solve all problems associated with globalization. In the absence of such miracles, he suggested that gov-

ernments must support policies such as social welfare and safety nets that improve life for those negatively affected by economic globalization.

Dr. Manuel Orozco, Inter-American Dialogue, underlined the positive and negative implications that globalization has had on development. However, his chief concern was migration and the means by which the phenomenon could be better managed. He stressed that inequality and inadequate national policies – not globalization – had been responsible for the dramatic increase in migrants. International migration, he argued, is contributing to the further integration of the world economy through five channels: transportation, telecommunications, tourism, trade and transfers. Dr. Orozco asserted that migrants contribute heavily to these industries as they keep in touch with family and friends in their home countries. Telephones connect households over distance; airlines and other elements of the tourism industry serve migrants visiting their home countries; and trade is buttressed in more subtle ways as nostalgic migrants consume products exported from their native countries. Transfers or remittances are a great engine of economic growth and development. He estimates total remittances of over \$150 billion – dwarfing total ODA – are sent home by migrants to support their families and to fund grassroots development projects, such as infrastructure improvements and the establishment of local schools and health care clinics. Dr. Orozco emphasized that the economic benefits of migration could be deepened if certain policies were refined. For instance, remittances could serve a public good if financial institutions afforded savings and investment opportunities to migrants. Also, they could link rural populations to new technologies that are also known to help democratize societies, such as cellular telephony and wireless Internet access. A reduction of transfer fees and the cost of calling cards and airline tickets would enable migrants to keep more of their earnings, and thus to invest or save more. Furthermore, remittances could foster development if financial institutions were required to reinvest in the communities where they operated. Dr. Orozco underscored that the United

Nations is well placed to more carefully consider migration issues and to address the negative impacts of globalization, which have caused people to seek to work outside their home countries.

Mr. Jean Pierre Ouedraogo, Ligue des Consommateurs du Burkina Faso, centered his statement on the cotton issue that came under public scrutiny at the Cancun ministerial meeting. He examined the link between cotton and development and expressed his concern over how the multilateral trading system has been affected by recent events. He identified four West African States (Benin, Burkina Faso, Mali and Chad) that enjoy a comparative advantage in the production of cotton, a sector that in those countries accounts for the livelihoods of 10 million people and whose revenues make up 6% of combined GDP and more than 60% of agricultural exports. Making the link to development, he reported that cotton production zones outperform zones cultivating cattle or other crops in fostering rural development. Citing both their dependency on cotton and its positive economic and social impacts, Mr. Ouedraogo noted the urgency with which these countries have treated the matter. They formed a coalition of governments and NGOs in Geneva to develop a strategy to address the competition posed by many developed countries. Rather than relinquishing their share of the cotton market or initiating a dispute through the WTO, Mr. Ouedraogo explained, these countries chose to negotiate the elimination of cotton subsidies over a three-year period and the distribution of financial compensation in the meantime for those countries affected by the subsidies. Unfortunately, the issue was not resolved at Cancun, but will continue to be addressed through the WTO. Mr. Ouedraogo concluded by noting a lack of coherence and consistency in policies among developed countries in which subsidies and other trade-distorting practices offset ODA. He also observed that the multilateral trading system has come under criticism just at the moment when developing countries have discovered how to leverage it to serve their interests. However, he noted that it is imperative that the multilateral regime be preserved in order for the voices of small States

to be heard. It was difficult for developing countries to negotiate bilateral trade agreements with countries with disproportionate economic strength and influence.

Background issues papers, statements and summaries of the Second Committee special events can be accessed on the ECOSOC web site at ([www.un.org/esa/coordination/ecosoc](http://www.un.org/esa/coordination/ecosoc)).

For more information on the Economic and Social Council, please visit:

<http://www.un.org/esa/coordination/ecosoc/>

For further information on the work of the UN Secretariat in economic and social affairs see DESA News online at:

<http://www.un.org/esa/desanews.htm>

Upcoming 2004 ECOSOC events:

3-6 February ECOSOC organizational session

17 February high-level segment preparatory meeting

17-18 March high-level segment preparatory meeting

26 April Meeting of ECOSOC with the Bretton Woods Institutions

4-5 May ECOSOC resumed organizational session

6-30 July ECOSOC substantive session

6-8 July ECOSOC high-level segment