



**REUNION PLENARIA DE ALTO NIVEL
DE LA ASAMBLEA GENERAL
DE LAS NACIONES UNIDAS**

Reunión sobre Financiamiento para el Desarrollo

**Intervención del Sr. Rafael Bielsa
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EN NOMBRE DEL GRUPO RIO**

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**HIGH LEVEL PLENARY MEETING
OF THE UNITED NATIONS
GENERAL ASSEMBLY**

Meeting on Financing for Development

**Statement by Mr. Rafael Bielsa
Minister of Foreign Affairs, International Trade and Worship
of the Argentine Republic
ON BEHALF OF THE RIO GROUP**

New York, September 14, 2005
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Presidents

Mr. Secretary General

It is a great honor for me, as well as a significant responsibility, to explain the position of the Rio Group with regard to Financing for Development.

As you are aware, the Rio Group has both witnessed and played a main role in the process of sustaining and consolidating democracy in Latin America.

I make this point at the outset, because our Group believes that democracy is a basic requirement for development.

In this regard, we have had much better results after the democratic rule was reinstated in our countries: peace, defense and promotion of human rights, peaceful settlement of border disputes with a progressive advancement towards regional integration, and overcoming the arms race and generalization of the principle of non proliferation of nuclear weapons.

Nevertheless, our democracies have not been able yet to address social demands that are today evident in our territories under the form of hunger, lack of jobs and of protection.

A slow and unstable growth rate in addition to policies advice or policies imposed by multilateral lending bodies have generated a low rate of job creation, increasing informality and the gap between qualified and unqualified workers.

As we have repeated in every forum, our Latin America teaches us that increase in the growth rate is not related to development if its benefits are enjoyed only by a few and the gap between countries widens as well as within our own societies.

Our understanding of development must include the idea of fairness. Without it, it development will become just an economic indicator, with no relation with social reality.

For us, development is multidimensional, and its core is welfare of persons and societies. That is why its natural environment is democracy, since democracy aims for equal civil, political and social rights for people.

Democracy is a mean and a goal, and the Rio Group shows strong signs of this belief. But the reality of globalization confronts us with the certainty that development does not depend only on the conviction and efforts of a country.

As far as a decade ago, even if it was contested, it was still possible to think of self sufficient development. Today that is not longer possible. It is necessary a favorable international environment.

The Rio Group is concerned about the conditions within the international system that refrain us from creating this favorable environment, which not only delays development, but also brings pessimism into reaching the Millennium Declaration goals.

That is why we support the need to reform the current financial infrastructure, since we consider it outdated and inefficient.

It was born after WWII - in a world that does not exist anymore after 50 years and it has been overcome by circumstances and given enough evidence of being inefficient in promoting development.

It is necessary to create a new system, that would be governed by values such as transparency and responsibility, which are accepted and proclaimed, and are basic pillars for building a more democratic and fair international system.

Of course, this is not only the position of the Rio Group. There are many experts, specialized groups and leaders all over the world that support holding a new international conference of Heads of State, similar to 1944 Bretton Woods, in order to recreate a new financial and monetary infrastructure, that would eliminate financial bubbles and would concentrate in supporting the real economy.

Among them, it should be underscored the report "Towards a New Financial International Infrastructure", that was specially prepared for the Executive Committee on Economic and Social Questions of the United Nations. That Report underlines the lack of capacity that the international financial institutions have had in confronting the crisis that have affected world economy in the recent past.

We also want to mention here the specific role that multilateral lending bodies have had in the development possibilities of assisted countries.

I consider necessary to specifically mention here the IMF, since it has irresponsibly put forward and pressed for policies that, far from improving developing countries economies and social conditions, have plunged them into deeper poverty. All this in the name of economic growth and free commerce.

But this does not mean that we do not recognize what other institutions have done or that we deny our own share of responsibility as States, but in this specific case we can not only blame politicians and economists ill will or inefficiency.

That is why we speak of shared responsibility and in this case the multilateral lending bodies have only made a faint self criticism for the terrible results.

But there are still many more obstacles that refuse to disappear. One of the main obstacles is the one that does not allow us to create more wealth through, precisely, trade.

It is very significant and contradictory that those countries that strongly insist on the benefits of free trade are also the same countries that protect and subsidize their production, specially agriculture, affecting trade from the developing countries or small economies, and in particular landlocked countries.

Unsustainable foreign debt works against the Millennium Goals. Many Latin American countries have made significant progress towards solving this scourge.

In this regard, we are working on our proposals and programs that would transform foreign debt into education, which will help many children to progress in life.

We are also promoting a reformulation of fiscal accounting within countries and multilateral lending bodies, so that productive investment in infrastructure is not counted as ordinary expenditure when measuring primary surplus.

This is a short account of those circumstances that affect our countries and do not allow them to implement policies that would promote productive investment in infrastructure, that traditionally creates employment, or directed into our sanitary infrastructure or education facilities.

This hampers our democratic governments capacity to respond to claims for social justice from our people, and the results of sound macroeconomic policies and management, which we are striving for, are diluted.

That is why the Rio Group calls for the international community to put into effect what is proclaimed in many international agreements.

Demands for more democracy, transparency, fairness, and efficiency for States, multilateral bodies and procedures involved in development goals cannot remain only words.

The predominant line of thought of the end of the last Millennium created a split between macroeconomic sound management and human and social development, and ended up transforming economic growth into a technical problem, and fairness into a moral problem.

It would be tragic to see financing for development as charity.

Economy must be a tool for general welfare, and social welfare is guaranteed by the dignity created by work.

To create work to alleviate poverty and strengthen democratic government in the least developing countries is beneficial both for developed countries, since social instability and degradation of the environment will increase illegal immigration, hampering global stability.

Where there is hunger there is no family, nor hospital, nor school. Only where there is decent work it is possible to have human and concrete development. Financing development must be a priority of the international community.

Thank you very much.