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Held at the Palais des Nations, Geneva,
on Thursday, 6 July 2006, at 10 a.m.

President: Mr. HANNESSON (Iceland)
(Vice-President)

CONTENTS

DIALOGUE WITH THE EXECUTIVE SECRETARIES OF THE REGIONAL
COMMISSIONS ON THE THEME “THE REGIONAL DIMENSION OF CREATING
AN ENVIRONMENT CONDUCTIVE TO GENERATING FULL AND PRODUCTIVE
EMPLOYMENT AND DECENT WORK FOR ALL, AND ITS IMPACT ON
SUSTAINABLE DEVELOPMENT”

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In the absence of Mr. Hachani (Tunisia), Mr. Hannesson (Iceland),
Vice-President, took the Chair.

The meeting was called to order at 10.15 a.m.

DIALOGUE WITH THE EXECUTIVE SECRETARIES OF THE REGIONAL COMMISSIONS ON THE THEME “THE REGIONAL DIMENSION OF CREATING AN ENVIRONMENT CONDUCTIVE TO GENERATING FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL, AND ITS IMPACT ON SUSTAINABLE DEVELOPMENT” (E/2006/15 and Add.1, E/2006/16, E/2006/17, E/2006/18, E/2006/19, E/2006/20, E/60/853-E/2006/75)

The PRESIDENT invited Mr. Bouda (Burkina Faso) to moderate the dialogue with the executive secretaries of the regional commissions.

Mr. KIM Hak-Su (Executive Secretary, Economic and Social Commission for Asia and the Pacific (ESCAP)), speaking in his capacity as coordinator for the regional commissions, introduced the report of the Secretary-General on regional cooperation in the economic, social and related fields (E/2006/15). The current dialogue provided an opportunity to deal with the theme of the high-level segment from the unique perspective of each region. The dialogue would deal with five sub-themes, each introduced by a different executive secretary, with a view to identifying gaps and challenges in international and regional efforts to promote development, in particular with regard to generating full and productive employment and decent work for all in the context of economic growth and the long-term objectives of social integration and sustainable development.

Cooperation at the regional level was an important aspect of strengthened international cooperation and the regional commissions played a vital role in facilitating the exchange of best practices and policy analysis and dialogue at the intergovernmental level with regard to regulatory frameworks for employment generation and sustainable development. The regional commissions stood ready to work more closely with all stakeholders with a view to implementing the outcomes of the high-level segment of the Council and the current dialogue.

Turning to the sub-theme of jobless growth, in other words economic growth without a parallel increase in job creation, he said that although the Asia-Pacific economies had grown at an average rate of 5.7 per cent annually over the past 10 years, as compared to a world

average of 2.7 per cent, unemployment had grown in the same period. Unemployment had increased in South Asia by 25 per cent to 5 per cent in 2005, in South-East Asia and the Pacific by 49 per cent to 6.1 per cent, and in East Asia by 52 per cent to 3.8 per cent. Employment generation from economic growth had been limited in part by increased productivity; the increase in employment per unit of growth in gross domestic product (GDP) had in fact declined significantly in some countries: by 40 per cent in Malaysia, 41 per cent in Thailand and 61 per cent in China, sparking real concerns about jobless growth.

Globalization was often blamed for decreasing job creation because it compelled the private and public sectors to increase competitiveness and productivity, often through the use of new technologies and highly skilled workers. Other factors contributing to jobless growth were: rigidities in labour markets, such as strict regulations on hiring and firing, which often encouraged temporary employment; government incentives which prioritized capital investment; and the absence of an appropriate policy environment, which increased the cost of doing business.

The international community was faced with the dilemma that economic growth, while necessary, was not creating sufficient jobs; it must therefore try to strike the right balance between growth and job creation and define to what extent Governments should intervene to create more jobs in order to share the benefits of growth with the poor. He suggested several policy strategies to address those issues: strengthen macroeconomic fundamentals; improve the functioning of labour markets by increasing flexibility and reducing costs; develop skill levels through educational reform; strengthen the labour-intensive informal and agricultural sectors; balance capital-intensive investments against the need to create jobs; and let the private sector play the lead role, with Governments acting as facilitators for job creation while maintaining protection for workers. The first four strategies were fairly conventional strategies, but the last two were more contentious and would require consultations with stakeholders.

Mr. BELKA (Executive Secretary, Economic Commission for Europe (ECE)), speaking on the sub-theme of labour-market changes in transition economies, said there were wide variations in unemployment levels in the ECE region. Unemployment levels in the transition economies of the 10 new European Union member States, south-eastern Europe

and the Commonwealth of Independent States (CIS), were 13.4 per cent, 12.6 per cent and 2.5 per cent respectively, as compared to 7.9 per cent in the European Union, 5.1 per cent in the United States of America and 6.8 per cent in Canada.

Most of the transition countries had been command economies with a theoretical unemployment rate of more or less 0 per cent but with their transition to a market economy unemployment levels had moved towards Western rates, except for the CIS countries, where the unemployment rate was suspiciously low. The transition economies had experienced economic growth but that growth had not been accompanied by job creation. High rates of unemployment, poor-quality employment and employment in the informal sector all contributed to poverty levels. The transition economies had undergone much greater structural changes than the countries of the European Union and in fact had better labour-market flexibility than them, but had more limited budgetary resources for labour-market policies.

Unemployment in the transition economies was not only higher, but different in nature. Long-term structural unemployment was more common, there was greater geographical variation within countries and jobless growth was common, especially in the resource-rich economies. Unemployment was more likely to result in poverty, or movement towards the informal economy, agricultural subsistence or migration. In Slovakia, one of the most successful transition economies, the long-term unemployment rate in the period 1995-2004 was approximately 60 per cent as compared to under 10 per cent in the United States and approximately 20 per cent in the United Kingdom.

Inequality in wage rates was more common in the labour markets of countries with economies in transition, where highly qualified employees had to be paid wages similar to those in western Europe, but low-skill jobs had wage rates much lower than in the developed economies. Labour-force participation rates were likewise lower; although participation rates before the transition had been unofficially high and had fallen drastically with the transition to a market economy, participation rates in Bulgaria, Hungary, Lithuania, Poland, Romania, Slovakia and Turkey remained well below the European Union average of 65 per cent or the Lisbon Strategy target of 70 per cent.

Although increased labour-market flexibility could reduce unemployment, that alone could not explain the diversity in the unemployment situations of the transition economies. The magnitude of the structural adjustment likewise seemed unrelated to unemployment levels and there was little relationship between changes in GDP and unemployment. Poland, for example, had relatively flexible labour markets, had experienced more limited structural adjustment and had better than average growth, yet it had one of the highest unemployment rates.

He believed the explanation for the varying situation in the transition economies could be explained by the sequencing of reforms. Although they had all begun as command economies seeking to move towards a market-style economy, and were faced with similar situations and objectives, they had adopted different strategies to achieve those objectives and the results could be seen in their respective unemployment rates. The question the international community must address was whether there was a need for a more supportive macroeconomic policy or simply more of the usual prescriptions such as increased labour-market flexibility and improved schooling.

Mr. MACHINEA (Executive Secretary, Economic Commission for Latin America and the Caribbean (ECLAC)), turning to the sub-theme of labour markets and social production, said it was important to take into account specific regional characteristics when developing economic policies. For example, unlike in Asia and Europe, the problem in Latin America and the Caribbean was not jobless growth but rather sluggish economic growth which led to high unemployment - over 10 per cent in recent years - and an increase in the informal sector, which had grown from 42.8 per cent of non-agricultural employment in 1990 to 47.4 per cent in 2003.

Low productivity had likewise increased inequality and contributed to poverty; 30 per cent of the urban working population and 51 per cent of the rural working population were poor. The labour-market participation rate of women was growing and had reached approximately 40 per cent, a far cry from the 78 per cent for men but not that different from the 48 per cent participation of women in countries such as France and Germany, although still far from the United States rate of 60 per cent. Despite improved economic growth and better job

creation since 2003, unemployment continued to be a grave concern and he emphasized that the problem in Latin America and the Caribbean was not one of employment elasticity in relation to GDP but rather lack of growth.

The concept of a labour-based social security system had not lived up to expectations: the high levels of poor-quality or informal work limited coverage and benefits, contributing to social exclusion; job instability, especially in the case of women, interrupted contributions; and income inequality was reflected in levels of social protection. Reforms had been undertaken in the 1990s to improve the financing of social security schemes by creating a closer link between employment and social protection based on the formalization of the labour market and an increased emphasis on incentives to contribute to such schemes and on efficiency rather than solidarity. Despite those reforms, however, the percentage of employed persons paying contributions had not increased between 1990 and 2002. Only El Salvador and Mexico had improved contribution rates, although rates in Chile and Costa Rica, for example, were still over 60 per cent. There were also large disparities between contribution rates for urban and rural workers, urban workers in the formal and informal economies, the rich and the poor, and men and woman. He noted that in Latin America, on average, only 4 workers in 10 contributed to a social security scheme, only 4 out of 10 persons over the age of 70 received a pension, and 4 out of 10 people lived below the poverty line.

A new approach must therefore be adopted in order to provide adequate social protection to the population. With 50 per cent of workers employed in the informal sector and unemployment levels of 10 per cent, employment could no longer be considered the sole mechanism for access to social protection. A better balance must be struck between incentives and solidarity, and the contributory and non-contributory systems should be integrated. New forces for change, such as demographics, epidemiological patterns and changes in family structure - such as the changing role of women - must be taken into account.

He suggested that a new social compact should be defined with a view to providing universal social protection. Such a compact would include explicit, guaranteed and enforceable rights and would identify levels and sources of financing, such as solidarity mechanisms, tax

collection and the reallocation of expenditure. A framework of social institutions must also be developed. He cautioned, however, that no single model could be used in all countries and new social protection schemes must be adapted to the situation in each country.

Mr. JANNEH (Executive Secretary, Economic Commission for Africa (ECA)), introducing the sub-theme of growth and employment for inclusive development in Africa, said that Africa's current growth rate of 5.3 per cent, while the highest for some time, had not had the desired impact on people's lives. Poverty had increased in absolute terms - a marginal decrease in the number of those living below the poverty line, from 44.6 to 44 per cent, having to be set against a substantial increase in population. Various reports showed that the level of human development in Africa was the lowest in the world.

Part of the problem was that Africa's growth had been concentrated in capital-intensive activities, and there had been little or no trickle-down effect. The missing link was employment, which was central to inclusive development. A decent job was the most effective and sustainable path out of poverty, conferred the dignity of being a part of society and was crucial to achieving the Millennium Development Goals. Although the scale of the problem could not be assessed precisely for want of reliable statistics, it was clear that employment opportunities were critically lacking in Africa.

The employment challenge in Africa was characterized by: low productivity and underemployment in rural areas, where 70 per cent of the population lived; low wages and poor working conditions in the informal sector, which accounted for 75 per cent of non-agricultural employment; the unfavourable situation of women, who were disproportionately represented in low-wage informal jobs and suffered discrimination in gaining access to jobs in the formal sector; high unemployment rates among the young, who found it difficult to make the transition from education, which often failed to equip them with the necessary skills for the world of work; and the high incidence of child labour, in many cases resulting from the pressures of poverty.

The consequences were everywhere apparent in the form of poverty, social exclusion, depletion of skills, sickness and family breakdown - problems compounded by the HIV/AIDS

epidemic. Another result of the employment deficit was a loss of economic output and of the corresponding government revenues. Finally, unemployment - particularly among the young - tended to fuel conflict and political instability.

Africa and its partners needed to work together to defuse the time bomb of its employment situation. Policies to achieve sustainable growth rates of some 8 per cent were required, in conjunction with: employment-friendly macroeconomic policies; the mainstreaming of employment policies in poverty-reduction and post-conflict strategies; education and training geared to meeting employers' needs; policies targeted on labour-intensive sectors such as textiles, horticulture and tourism; and support by development partners for job creation strategies.

The consensus in Africa on the role of employment was a sign that Africa was moving forward. The Ouagadougou Declaration and Plan of Action of the 2004 summit of African heads of State and the Ministerial Statement of the 2006 Conference of African Ministers of Finance, Planning and Economic Development had reaffirmed the centrality of employment for poverty reduction and development.

ECA was contributing to the mainstreaming of the employment issue at the regional level through technical assistance, the organization of high-level meetings, various activities relating to the Millennium Development Goals, collaborative work on the African least developed countries and the development of statistical know-how and resources, including the establishment of the Poverty Reduction Strategy/Millennium Development Goals (PRS-MDG) Learning Group and the planned establishment of an African centre for statistics.

Ms. TALLAWY (Executive Secretary, Economic and Social Commission for Western Asia (ESCWA)), introducing the sub-theme of "Youth unemployment: challenges and prospects", said that high population growth over the past two decades had produced a large cohort of young people aged between 15 and 24 who constituted over 20 per cent of the total population in the ESCWA region. Children below the age of 15 accounted for more than 57 per cent of the total, making it one of the youngest populations in the world. The large

number of new and potential entrants to the labour market - many of them with university degrees - meant that 80 million new jobs needed to be created over the next 15 years to keep pace with the growing population.

Youth unemployment in the region currently represented 53 per cent of total unemployment (with the highest rates among females), 59 per cent of the unemployed were first-time job seekers, and 25 per cent of those without work were in the Middle East and North Africa region, which had one of the highest unemployment rates in the world. The causes of unemployment included: the failure to generate a sustainable job-creating economy; internal and external conflicts; migration linked to wage compression and weak macroeconomic performance; cheap-labour bias in most of the economies of the region; poor training programmes and systems; a mismatch between educational system outputs and labour-market requirements; a labour market made highly competitive by the influx of immigrants from Asia; poor or non-existent career counselling at all educational levels; and the limited participation of the private sector in the educational system and the labour market.

The priority policy options to enable the region to move forward included: creating an environment conducive to higher productivity and greater competitiveness; promoting and implementing proactive labour-market policies; providing job counselling and training opportunities for unemployed young people; investing in human capital and training; encouraging the private sector; establishing information and communications technology centres in local communities; creating demand through public works and microenterprise employment projects; making provision for unemployment insurance; and promoting and assisting self-employment initiatives.

To help meet the employment challenge, ESCWA was establishing, in partnership with relevant regional bodies, a regional observatory aimed at devising policies to address the problem of youth unemployment, documenting good practices and promoting institutions that had proved successful in confronting youth unemployment. It was also setting up a database to keep track of unemployment rates, with special emphasis on young people in Arab countries. Finally, it was establishing a regional fund to finance pilot initiatives involving youth employment.

Mr. SARDENBERG (Brazil) asked whether Mr. Machinea's reference to the need for social compacts in the Latin America and Caribbean region concerned the issue of social protection or was to be understood more generally. Brazil had had a universal welfare system since 1988 and was currently reforming it with a view to making improvements in the longer term. His country had been consulting with other members of the Southern Common Market (Mercosur) on a regional approach to social protection, and he would be interested to know Mr. Machinea's views on the prospects for improving social protection in the region.

Ms. MYLLYMAKI (Finland), speaking on behalf of the European Union, said that the regional commissions continued to be a focal point for putting into practice the outcomes of major United Nations conferences, in particular the Millennium Development Goals. The Commissions could improve the coordination of activities at the regional level by helping to monitor progress towards the goals and by serving as a forum for the exchange of national experiences on relevant policy issues and as a framework for peer reviews.

The European Union recognized the active role of the International Labour Organization (ILO) in facilitating discussions on employment questions in the different regions and wished to emphasize the importance of the four pillars in the ILO decent work agenda - fundamental principles and rights at work, job creation, social protection and social dialogue. All stakeholders should be encouraged to dialogue at the national level.

The European Union welcomed efforts to strengthen cooperation between the regional commissions and organizations, agencies, funds and programmes of the United Nations system as well as regional actors, notably regional development banks. The European Union's own experience demonstrated the importance of effective regional efforts to support country-level initiatives and tackle broader regional questions. The effects of globalization and its social dimension required responses that went beyond the borders of individual countries. In its dialogue with other countries and regions, the European Union placed the emphasis on broad social themes. For example, at the European Union-Latin America summit in May 2006, both sides had expressed a commitment to creating more and better jobs and fighting poverty and social exclusion; and employment and poverty had been high on the agenda in the context of cooperation with Africa.

Mr. CABRAL (Guinea-Bissau) said that the key lesson to be drawn from the presentations was that growth did not necessarily generate employment. Whereas growth and development were often confused, it was clear that unemployment remained a crucial problem even in economies showing very high growth rates, such as those in the ESCAP region. Another example was that of the oil-producing countries in the ESCWA region, where a mismatch between education and the world of work similarly gave rise to problems of unemployment. The ECA presentation had highlighted with commendable honesty the time bomb represented by the problem of unemployment in the Africa region, where the despair and poverty generated among the ranks of the unemployed - many of them higher-degree holders - created a breeding ground for violence and terrorism.

The issue of employment was thus primordial and, in placing it at the top of its agenda for the session, the Economic and Social Council had highlighted the continuing importance of its own function as a forum for international dialogue on key interrelated social and economic questions.

Mr. KHAN (Pakistan) said that regional associations, such as the Association of South-East Asian Nations (ASEAN) and the South Asian Association for Regional Cooperation (SAARC), were doing important work. He would like to know to what extent the representatives of the regional commissions, and particularly the representative of ESCAP, envisaged their respective commissions as bridge-builders between regional organizations and between regional and multinational organizations, and whether the regional commissions had any plans to build on existing synergies in that respect.

Mr. RIMDAP (Nigeria) said that it had become apparent from the presentations that economic growth was not paralleled by employment growth and that even increased growth did not guarantee job creation. His delegation was concerned that growth without exports and market access for the goods produced impaired the sustainability of growth. He expressed concern at the negative impact on growth which the absence of peace and security in certain countries of Africa was having and stressed the importance in that regard of good governance, especially with regard to budgetary allocations, in the context of job creation. Youth

unemployment was a matter of particular concern, all the more so as machinery was increasingly replacing human labour under the impetus of globalization. As the representative of Guinea-Bissau had pointed out, there were many young people who were well trained and qualified young people who could find no jobs; the ensuing frustration could give rise to problems in the future.

Mr. FEDORCHENKO (Russian Federation) said that one serious and widespread problem was that economic growth based on new technologies and production methods was not leading to increased employment. He wondered if that situation was considered inevitable. He also wondered if ethnic minorities in transition economies were worse affected by unemployment than the rest of the population, as was sometimes claimed.

Mr. HACKETT (Observer for Barbados) pointed out that the work of ECLAC was hampered by a lack of statistical information similar to that prevailing in many countries in Africa. Perhaps ECLAC might wish to consider opening a centre of excellence for statistics similar to the one about to be, or already, operational within ECA.

Naturally, individual countries were responsible for putting in place policies for increasing growth and providing social security, but they also needed a supportive international environment: the Council was an excellent forum for discussion on the linkage between economic growth and social protection generally.

Mr. MILLER (United States of America) said that, while there was a need to achieve societal fairness before addressing the issue of growth, fairness at a low level of economic performance was unsatisfactory. What was needed was growth together with fair sharing of the benefits of growth; the link between the two was jobs. It was surprising that the United Nations did not focus more on job creation; even ILO concentrated on job standards rather than job creation. The United Nations discussion of development had so far been a series of “if only we could ...” conclusions on a wide range of themes. It was relatively easy for a society that faced only a couple of those problems to formulate measures to deal with them; but if, as in some developing countries, all were faced at the same time, the situation became overwhelming.

Some of the presentations had been quite depressing, despite the fine sentiments expressed. Developing countries needed practical help in setting priorities; that was a role that the regional commissions could take on. Development priorities must be determined in terms not of ideology but of what actually improved people's lives. However, in many areas little was known about what actually worked. Remedying that could be an important area of work for the regional commissions. Mr. Machinea had remarked on the low levels of economic growth and social security coverage in the ECLAC region and the need for a new social compact and more universal coverage: he would be interested to know more about any proposals for financing such initiatives.

Mr. AIKI (Japan) called for greater coherence between the regional commissions and other bodies, in order to avoid duplication. The efforts of the regional commissions in the field of employment, and especially "decent work", should be examined in the light of the forthcoming management reviews based on the 2005 World Summit Outcome and the forthcoming report of the High-level Panel on System-wide Coherence. In that context, he congratulated the Executive Secretary of ESCAP on having obtained an external performance evaluation of the ESCAP activities.

Mr. SOW (Guinea) said that the current growth rate in Africa as a whole might well conceal imbalances among and within countries. In any case, the growth rate of approximately 5 per cent fell well short of the 7 per cent needed to attain the Millennium Development Goals. Much of the progress achieved stemmed from the energy- and oil-producing countries. In addition, the overall figures might conceal problems in other countries, especially those in crisis or plagued by conflict and war. Unfortunately, the results and impact of the New Partnership for Africa's Development (NEPAD) and other initiatives had thus far been disappointing.

He sought information from Mr. Janneh about the ECA plan of action to support the integration of the various initiatives he had mentioned, and particularly the Millennium Development Goals, into poverty reduction plans. What could ECA do to provide support to countries in the framing and implementation of such plans? He noted that little had been said

about social security in Africa; did models exist for social security in African countries? Lastly, he asked whether any thought had been given to the reform of ECA in the context of overall United Nations reform, and particularly to bringing ECA regional structures into harmony with those of the African Union, since many of the initiatives undertaken by the two organizations in the fields of job creation and poverty reduction would benefit from greater coherence and integration.

Mr. STENVOLD (Observer for Norway) said that the chief message to emerge from the current dialogue was that growth did not necessarily lead to increased employment or decent work and that if one put fairness first, growth would follow. His country's choice had been to put fairness first: by focusing on the ILO decent work agenda, in particular through the protection of workers' rights, including freedom of association and the right to bargain collectively, it had empowered workers; and by introducing social dialogue and supplementing it with social protection, it had facilitated the development of a dynamic economy and thus achieved almost full employment.

Mr. KONG Lingbin (China) said that employment had a bearing not only on the economic development of a country, but also on its social stability. He noted that ESCAP was making efforts to revitalize economies, for example by improving the functioning of labour markets and by developing skills. Were there any plans for specific measures, such as the organization of regional seminars and workshops on employment?

Mr. KIM Hak-Su (Executive Secretary, ESCAP) said that ESCAP was in favour of a direct dialogue between the States of Asia and the Pacific and the European Union. He met regularly with the executive heads of ASEAN, SAARC, the Economic Cooperation Organization (ECO) and the Pacific Islands Forum Secretariat (PIFS). In 2005 they had jointly decided that, for the purpose of coordinating their respective activities, ASEAN would maintain a database on the work of the subregional bodies, while SAARC would take a lead role on poverty reduction, ECO would concentrate on energy, PIFS on tourism and ESCAP on HIV/AIDS. ESCAP also coordinated its work with the International Monetary Fund (IMF), the World Bank and the Asian Development Bank through regional coordination meetings and head-of-agency meetings, and

maintained excellent cooperation with ILO. The possibility of organizing joint seminars and workshops with that body would be considered at a forthcoming ILO Asian regional meeting.

In the past decade there had been average economic growth of 5.7 per cent per year in the Asia-Pacific region, but employment had only increased by 1.7 per cent per year over the same period. Some of the reasons were attributable to capital-intensive production and the influence of globalization on supply-chain management. Many large companies had various outsourcing locations, and because each had to be highly efficient and competitive, they used new, capital-intensive technologies. There was also a lack of flexibility in many Asian labour markets, and some countries encouraged capital-intensive foreign direct investment at the expense of labour-intensive growth.

The United Nations Human Settlements Programme (UN-Habitat) had predicted that in coming years the Asian population would age and become more concentrated in urban areas; in Japan, over 40 per cent of the population would be over 65 by the year 2050. While the labour force was declining in North-East Asia, in South Asia it was still young and expanding, which signalled that there was likely to be a rise in international migration in the years to come.

Mr. BELKA (Executive Secretary, ECE) said that the focus should not be on work per se, but on work that was decent. While a job in the informal economy was better than no job at all, most such employment led nowhere, offered little or no security and was incapable of lifting people out of poverty. Decent work implied a level of fairness in employment and in society. On the other hand, tackling unemployment and poverty was unimaginable in the absence of growth. In many economies undergoing transition, including those with ageing populations, unemployment remained a serious problem, notwithstanding the fact that their labour forces were not expanding. The way to address such situations was through institution-building and a careful consideration of macroeconomic policies, which could sometimes be detrimental to the labour market.

Crisis management was not well-suited to combating unemployment. It could cause pain for years and even decades, and when it did, the burden fell disproportionately on the disadvantaged - the young, the elderly, the poor and, as some statistics showed, ethnic minorities.

The best way to tackle unemployment was through the prevention of such situations, making use of the dividends of prosperity to plan to meet needs that would arise during times of want. During good economic times it was far too easy to fall into the trap of complacency and to forget about the need to plan ahead.

Mr. MACHINEA (Executive Secretary, ECLAC) said it was necessary to emphasize the quality of work. Decent work, which provided social protection, was lacking in Latin America, and that increasingly generated social inequity. The paradigm of the 1990s, which had reduced labour-market problems solely to a question of flexibility, had failed, and it was now acknowledged that other factors entered into the question. Social dialogue and social compacts were thus of great importance. In Latin America and the Caribbean there was currently a new consensus about the need to maintain macroeconomic stability. However, there was no consensus on a number of other questions, including the need for reforms and social protection or cohesion. The Nordic countries had strengthened their social cohesion and had concluded social compacts, with a general acceptance of taxation to back them up. The countries with the highest taxation rates in the world, those of northern Europe, were also among the most competitive. Clearly, a social compact was not at odds with competitiveness.

In Latin America there was a political will to provide for social needs. Since the early 1990s, per capita social spending had increased by about 40 per cent. The challenge now consisted in translating that political will into more efficient programmes in each country. Growth was not incompatible with fairness. Investment in human capital provided a fine example of how social spending did not restrain economic growth, but fuelled it.

It was not for the regional commissions to set priorities, but rather to make known best practices and share information on the most effective reforms. For example, in the 1990s the regional commissions had underscored the importance of sequencing and timing in carrying out reforms at a time when the multilateral lending institutions neglected such considerations.

To provide funding for social protection would require solidarity. In Latin America the principle of universality existed only in Brazil, Costa Rica and, thanks to a long tradition of universal health coverage, in the Caribbean. In some countries there were up to 500 different

programmes providing health services. To find funding for social protection it would be necessary to reduce costs, make use of generic drugs, increase the quality of care, and in some countries, such as those where the tax rate was about 10 per cent, raise taxation levels.

Mr. JANNEH (Executive Secretary, ECA) said that ECA was well aware of the need to work with development partners in Africa, and that its role was recognized in the region. Coordination of the numerous initiatives taken to ensure economic development in Africa should be done mainly at the country level, where there were credible national mechanisms that established development priorities. However, ECA also brought countries together to align their poverty reduction strategy papers, which were increasingly accepted by countries and the international community as frameworks for development. Recently, particular attention had been paid to ways of building upon first-generation poverty reduction strategy papers to ensure more success further down the road. ECA proposed to restructure itself so as to enhance its work with the African Union and support its vision of integration, and to help the countries in the region to meet their special needs, particularly as articulated in NEPAD.

The levels of poverty in Africa were so deplorable that it was impossible not to address the issue of growth. That growth must be based fundamentally on fairness was a question of conscience, but it would also result from good governance and the application of democratic principles, which were becoming more prevalent in Africa. Africans were aware of the need to ensure that the benefits of economic growth reached all the continent's people.

Ms. TALLAWY (Executive Secretary, ESCWA), noting the keen interest showed in the activities of the regional commissions by the delegations, said that it would perhaps be worthwhile to allot more time to exchanges with the executive secretaries at future sessions of the Economic and Social Council. While the picture they painted might be somewhat depressing, they had tried to give a frank assessment of the situations in their regions, coupled with useful advice. The representative of Finland had mentioned the need for intraregional cooperation and the fact that dealing with globalization transcended national boundaries, which were factors that fell squarely within the mandates of the regional commissions. The commissions had been established in 1947, well before many of the United Nations programmes

and funds. They provided a unique analysis of the situations in their regions and valuable advice not only to Member States, the Economic and Social Council and the General Assembly, but also to regional bodies. ESCWA, for example, assisted the League of Arab States, which required Arabic translations of documentation in order to participate fully in WTO, where Arabic was not an official language.

The most important aspect of the debate about growth and fairness was that it was taking place at all. For years, many economists had completely neglected fairness and the role of social justice and cohesion in economic growth. The discussion addressed precisely the kind of subject that the Economic and Social Council should, by right, take up.

The meeting rose at 12.45 p.m.