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Held at the Palais des Nations, Geneva, on Monday, 13 July 2009, at 3 p.m.

President: Mr. Soborun (Vice-President) . . . . (Mauritius)

Contents

Coordination questions (*continued*)

The role of the United Nations system in implementing the Ministerial Declaration of the High-Level Segment of the Substantive Session of 2008 of the Economic and Social Council

Panel discussion: "The impacts of the financial and economic crises on sustainable development, particularly their social implications"

10-50371 (E)

In the absence of the Ms. Lucas (Luxembourg), Mr. Soborun (Mauritius), Vice-President, took the Chair.

The meeting was called to order at 3.10 p.m.

Coordination segment (*continued*)

The role of the United Nations system in implementing the Ministerial Declaration of the High-Level Segment of the Substantive Session of 2008 of the Economic and Social Council (item 4 of the agenda) (*continued*)

Panel discussion: "The impacts of the financial and economic crises on sustainable development, particularly their social implications"

The President said that the current world crisis had had financial, economic and social consequences manifested in fewer job opportunities, greater income insecurity and increased risks of falling into poverty. In the developing world, due to the lack of social safety nets, poverty could worsen and trigger social unrest. The crisis risked undermining social progress; it was therefore time to opt for policies commensurate with the scale of the problem. An integrated international response was needed that would focus on restoring strong economic growth without undermining the prospects for long-term sustainable development. Without such a response, it would no longer be possible to manage the costs of progressively deteriorating living conditions and environmental degradation. The United Nations had an important role to play in ensuring that the international response translated into policies that addressed those twin concerns. This panel was an opportunity for the Economic and Social Council to examine the short- and long-term implications of the financial and economic crises on all dimensions of sustainable development, and to explore ways in which the United Nations and the international community could facilitate an effective and sustainable response.

Ms. Clark (Administrator of the United Nations Development Programme — UNDP) stressed that those least responsible for the crisis, the poorest and the most vulnerable, stood to bear the brunt of its effects. Forceful policy action, nationally and internationally, had prevented a collapse of the global financial system, and there were signs of stabilization and improved confidence, as the G8 leaders had noted. For many developing countries, however, the full impact of the crisis was only beginning to be felt, as they experienced steep declines in exports, investment, remittances, and, where relevant, tourism volumes and receipts. Faced with the resulting slump in revenues, governments in many developing countries were less able to respond to their peoples' needs at this time when social protection was most required. Without stepped-up official development assistance (ODA), complemented by more fiscal space and support from the international financial institutions, the toll on human development would be felt for years to come. For example, as families faced dwindling income, their children might be taken out of school and the food available to them was likely to be less nutritious, compromising their growth and development. Worldwide, therefore, it was necessary to work to prevent a reversal of the gains made toward achieving the Millennium Development Goals.

The United Nations development system had been articulating and supporting a coherent global response to the current crisis. In the United Nations Development Programme, for example, they were assisting programme countries to analyze the human development impact of the crisis, and to design appropriate programmes and policy responses on how to protect the most vulnerable. The United Nations Development Programme could advise on what had worked in other countries to mitigate the impact of severe economic shocks. Given the multiple and complex nature of the current crisis, it was important to develop the capacity needed to make nations and communities more resilient to shocks in the longer term and to adopt integrated approaches. The UNDP was now bringing its climate change work into the centre of its thinking about development and poverty reduction, especially with a view to achieving the Millennium Development Goals. As countries worked to come back from recession, they should be encouraged to invest part of their fiscal stimulus in green technologies and infrastructure, which created jobs and stimulated demand. For its part, the international community had to meet, if not augment, its ODA pledges. Furthermore, at their next meeting, in September 2009, the G-20 member countries had to focus on the needs of low-income countries.

Mr. Somavia (Director-General of the International Labour Office — ILO), said that although the notion of promoting sustainable development was not new, we were still very far from a well organized system for going about it. Progress had been made in some social, economic and environmental spheres, but the global economy had not been shaped by sustainable development imperatives, which was one reason why we were now faced with a global crisis. There was backsliding on Millennium Development Goals, and a general weakening of the middle classes. The social repercussions of the crisis were thus extensive. Solutions had to be fashioned with a sustainable development approach, if one wanted to avoid reinforcing existing inequalities and accentuating the imbalances that had led to the current situation. In the short term, that approach would render the various initiatives under way, including the ILO's global jobs pact, more coherent. It was a question of addressing people's expectations with regard to employment and social protection to cope with the crisis and of bringing the different economic players together to share their experience of polices that have been tried and tested. An effective response to the crisis required real coordination among all — national and international — stakeholders and throughout the United Nations system. Without coordination at the national level, there could be no international coordination; and, without coordination, the whole enterprise was doomed to failure. Likewise, the coherence of the international system's thinking and interventions depended on the coherence with which governments acted and in that matter of coherence the Economic and Social Council could play an important part. The crisis was going to make all of us focus on what was essential.

Mr. Antonio Maria Costa (Executive Director of the United Nations Office on Drugs and Crime — UNODC) said that in a crisis the activities that UNODC combated tended to thrive, exacerbating their repercussions. In most cases in which his office was asked to intervene, governments did not control the territory. That encouraged illicit activities, be they drug trafficking, a resurgence of acts of piracy, or increased illegal exploitation of natural resources. The role of UNODC was therefore to strive to re-establish the rule of law, to help governments regain control of their territory and to act in ways that promoted development, economic growth and respect for the environment. Over the past 20 years, the rapid pace of globalization had facilitated the growth of illicit activities and organized crime, the transnational nature of which posed a threat to stability in numerous countries. Statistics clearly indicated that the situation had deteriorated due to the crisis.

Social unrest and poverty engendered violence, as well as the consumption of drugs and alcohol, and led, throughout the world, to greater vulnerability, including exposure to modern forms of slavery. The dwindling of remittances by migrants exacerbated the difficulties. Driven by hunger and unemployment, millions of people were joining armed groups, criminal organizations or terrorist groups. The dearth of resources allocated to the criminal justice system weakened ways in which governments could intervene. Concerted action by the United Nations system was needed in the areas of prevention and dissuasion. It was a matter of boosting integrity in order to fight corruption, of increasing the effectiveness of aid, of promoting sustainable development, of making children and youth less vulnerable, especially those enduring the consequences of conflicts, of strengthening peace-keeping and peace-building operations and of fighting addiction to narcotic drugs that cuts individuals off from society, especially by providing appropriate treatment for drug addicts. To combat cultivation of the crops used to make drugs, it was necessary to offer farmers viable alternatives. Those were all collective responsibilities that needed to be adopted as such by states, societies and United Nations agencies.

Ms. Noeleen Heyzer (Executive Secretary of the Economic and Social Commission for Asia and the Pacific — ESCAP) said that, faced with the effects of the crisis, now more than ever there was a need for commitment to inclusive and sustainable development, focusing on low-carbon green growth and attaching high priority to reducing poverty and inequality. For their part, ESCAP member States, which had very marked socio-economic disparities and imbalances, were reviewing their development agenda priorities. At its 65th session, the Commission had adopted a resolution urging Member States to implement regional cooperation initiatives to address the impact of the crisis. It was committed to promoting the adoption in the region of an agenda for inclusive and sustainable development.

While the financial crisis had started in the West, it had become an economic-trade crisis in Asia and the Pacific, where as many as 25 million people could lose their jobs and millions more, especially the poor, women and migrant workers could experience rising income insecurity. Experience had shown that while economic growth might resume relatively quickly, it could take up to 10 years to recover the ground lost to poverty and social break down. The dismissal or repatriation of large numbers of migrants working in crisis-sensitive sectors, such as tourism or construction, would lead to a marked reduction in the GDP of several countries in the region that depended heavily on remittances from migrant workers.

To deal with the social implications of the crisis, ESCAP was attempting to lay the foundations for social protection, which needed to be seen as an economic investment rather than a social cost. The Commission was also encouraging its members to adopt fiscal stimulus packages taking women into account, especially by developing social services and investing in small and medium-sized enterprises which provide equal opportunities for women and men. While some large countries, such as China, had the monetary and fiscal wherewithal to deal with the crisis, many others, including the least developed countries, land-locked countries and small island states, were more vulnerable and experiencing sharply deteriorating balance of payments positions. They would need substantial injections of ODA and direct budgetary support.

The crisis had provided an opportunity to implement inclusive and sustainable development policies and, especially, pro-poor measures aimed at strengthening social protection systems. It was also an opportunity to move towards better coordinated regional responses, building upon the region's strengths and resources and using the stimulus packages and reforms to address systemic imbalances. The crisis could also serve to promote green growth, particularly that envisaged in ESCAP Resolution 64/3, which required countries to make the necessary changes in their development plans and budgets, develop public-private partnerships and partnerships with civil society, and have access to low cost, green technologies.

With economic growth of 2.8%, the Asia and Pacific region was expected to be a key driver of economic growth in 2009. With a view to establishing a solid basis for its responses and greater coordination, the Asia Pacific Regional Coordination Mechanism, which had held a meeting in Bangkok in May 2009, had explored coordinated inter-agency responses to the crisis. By taking ownership of reviving their economies, the States of the region could ensure that recovery was built on inclusive and sustainable development and that future growth truly enabled the people of the region to live in greater freedom from want, from fear, and from discrimination.

Mr. Harsha V. Singh (Deputy Director-General of the World Trade Organization — WTO) pointed out that the adverse effects of the economic and financial crisis were far worse than originally anticipated. The number of people hungry or with malnutrition had risen above 1 billion and, in some parts of the world, GDP would be back at 2006 levels, wiping out three years of gains. The crisis exacerbated existing problems and countries had no option but to work together if they wanted to emerge from it. Domestic policy measures (safety nets, regulatory mechanisms, capacity building, provision of finance for productive activities, promotion of economic and social growth and green growth) needed to be taken in a complimentary and coherent manner, and trade had to be part of efforts to stimulate recovery.

It was especially important to curb protectionist measures, which, as the 1930s crisis had shown, only made matters worse. At the same time, there were strong domestic pressures to take isolationist measures and such pressures would intensify when the full onslaught of the adverse social effects was felt, tempting countries to take a series of retaliatory steps. Given the multiple inter-linkages between concerns and stakeholders, special care was needed, because actions taken in the area of international trade had major implications going far beyond the area of trade as such.

The World Trade Organization's monitoring of trade policies showed that although the number of protectionist measures had increased, protectionism was not widespread. That was thanks to observance of WTO disciplines by the Organization's 153 members. Some countries were, even today, taking trade opening or trade facilitating measures. However, the number of additional protectionist measures was double the number of market opening measures.

Trade finance was another issue and one that was especially important for small and medium-sized enterprises and developing countries. Mr. Singh recalled that the G-20 had announced that US$ 250 billion would be devoted to financing world trade over the following two years and that the WTO, together with the World Bank and the African Development

Bank, had launched a global trade liquidity programme.

Finally, he underscored the need expressed at the United Nations Conference on the World Financial and Economic Crisis and its Impact on Development, on 26 June 2009, to reach an early and balanced conclusion to the Doha Round "that increases market access, generates increased trade flows and places the needs of developing countries at its centre."

Ms. Hilde Johnson (Deputy Executive Director of the United Nations Children's Fund — UNICEF) said there should be no illusions — this was not a crisis that was hitting broader, harder, and deeper, all over, than had previously been anticipated. Three categories of country were the hardest hit: the least developed, those dependent on exports, and those exposed to conflicts. As in all crises, the current one had brought more hunger, more disease, more violence, and less education. More than 1 billion people — an unprecedented number — were already hungry and acute malnutrition was on the rise in several countries, hitting children the hardest and perpetuating poverty. That was a reminder of the need to guarantee not just food security but nutritional security as well. Because of the crisis, more and more children were forced to work, as was happening in Bangladesh and other Asian countries. Or else they were being sent to less expensive schools, like the madrassas. In certain regions of Kenya and Zambia, girls and young women worked as prostitutes for food.

The financial and economic crisis was exacerbating an ongoing food crisis: the decline in incomes and the high cost of essential goods would have dire consequences for the poorest and most vulnerable. They should not be hit again by cuts in social sector budget outlays or international aid. On the contrary, it was time to make a countercyclical investment and increase development aid. While some countries were taking short-terms steps to strengthen their social protection systems, or their nutrition and public works programmes, most were not, often for lack of resources. There was an urgent need to help them to build more robust social protection systems. In that context, it was a good decision by the members of the G-8 to allocate US$ 20 billion to food security, provided, of course, that those would be supplementary funds.

In order to bring about a collective and concerted response to the crisis, the United Nations institutions had developed a country-level response mechanism to be directed by the countries themselves and, if possible, by the resident coordinator. It would work together with the United Nations country team and with international financial institutions. It was a question of helping countries hang on to their social gains and rectify shortcomings by adjusting programmes already under way and launching new initiatives. It would be necessary to choose the measures to be taken and to identify the institution best suited to direct operations. Financing for those measures would come from the World Bank's Vulnerability Facility and Rapid Response Mechanism, from bilateral funds and other resources. UNICEF, which was already participating in 44 pilot social protection programmes and 84 initiatives aimed at reforming existing programmes, was ready to continue its cooperation with partners.

To ensure greater effectiveness, it was important to be better informed and quickly and accurately apprised of the causes, circumstances and consequences of vulnerability. The establishment, recently proposed by the United Nations Secretary-General, of a global system for monitoring the impacts of vulnerability and early warning mechanisms would make it possible — by tapping existing instruments and using innovative techniques — to have real time information on the effects of sudden global changes on the most vulnerable. Finally, Ms. Johnson stressed that nothing could be done without the necessary resources.

The President thanked the panellists for their statements and invited the delegations to take part in an interactive dialogue with them.

Mr. Rastam (Malaysia) noted that much had been said about taking advantage of the current crisis to make the global economy more ecological, but wished to know whether structures were in place that would make that possible. He wondered whether, internationally, changes had been observed that would enable developing countries, especially, to move in that direction. That did not appear to be the case. As for protectionist tendencies, Mr. Rastam would like to know what Mr. Singh understood by "protectionist measures." Should one include carbon emissions related to the production of goods" In other words, could one say that initiatives to render the economy more environment-friendly were protectionist measures?

Mr. Barrets (France) considered that more nuances were needed to describe developments in the economic crisis. In fact, there were signs of an upturn in some countries and, in the financial sector, that credit activity was picking up. It was true, nevertheless, that the effects of the crisis on the real economy were only just beginning to be felt, especially as regards employment: a fact that underscored the social dimension of the phenomenon. As Mr. Somavia had pointed out, we were faced with a multidimensional crisis calling for well coordinated initiatives. France therefore necessarily encouraged the specialized agencies and the United Nations to act in a coordinated and balanced way. The International Labour Organization (ILO) had to play its part alongside the World Trade Organization (WTO) to deal with the social repercussions of the crisis. In that connection, Mr. Barrets recalled that, at the last International Labour Conference, the President of the French Republic had insisted on the greater role to be assigned to the ILO in reflecting on and solving the problems posed. For France it was important to ratify and apply the ILO's Minimum Standards in labour law and to reflect on its role as a source of social norms and in the settlement of certain trade disputes. It was also worth considering coordination of the work of the WTO and the ILO

Mr. Mbuende (Namibia) noted that developed countries were financing their emergence from the crisis with fiscal stimulus packages. What, however, were developing countries to do when, for lack of resources, they did not have the same room for fiscal manoeuvre? How could they invest? It should not be forgotten that in some countries the effects of the crisis were immediate, in terms of unemployment and cuts in revenue, not to mention the energy crisis and the food crisis. Moreover, the message being disseminated internationally was none too clear. What mattered was to find a joint way out of a joint crisis and to implement a uniform strategy. Nevertheless, the main thrust of the efforts required had not been defined.

Ms. Farani Azevêdo (Brazil) recalled that a special session of the Human Rights Council on the consequences of the economic and financial crisis for human rights in the economic and social spheres had previously been organized at the initiative of a number of countries and welcomed the fact that the Economic and Social Council had taken the initiative of convening the present panel discussion. The current crisis was going to get worse and its social repercussions were clear: increased poverty, disease and unemployment, to mention but a few. It would also have an adverse impact on achievement of the Millennium Development Goals (MDG) and on the plight of poor countries. Countercyclical measures with respect to social protection, health and education, injections of liquidity, bailouts, infrastructure and employment should not be the preserve of rich countries only. Developing countries needed them most. They were, however, unable to finance them. What solutions had to be found in poor countries to finance the policies needed for them to emerge from crisis?

Mr. Khan (Pakistan) referred to Articles 58 and 63 of the Charter of the United Nations on coordination of activities and programmes by the Council and wondered how the coordination questions segment of the discussion could be best used to reinforce much-needed coherence and encourage the formulation of standards and general guidelines for the principal institutions of the United Nations system. On another note, given the severity of the crisis, he wondered whether it was the right time to make green growth a priority.

Mr. Rutgersson (Sweden), speaking on behalf of the European Union, said that the EU was firmly committed to adopting thorough, targeted and coordinated measures to support developing countries in the current context. As regards action by the United Nations, the final document of the Conference on the World Financial and Economic Crisis and its Impact on Development served as a reference tool and an input for international debate on a crisis exit strategy and reform of the international financial system. As for trade, the European Union had no doubts that it should abstain from taking protectionist measures and favour globalization without countries left behind. As a leading trading partner for a large number of developing countries, the European Union had an important part to play.

Ms. Basilio (Philippines) wanted to know what the UNDP and ESCAP planned to do together to help the countries of Asia and the Pacific overcome the crisis, especially as regards the green growth program.

Mr. Gaouaoui (Algeria) emphasized the need for cohesiveness in recovery strategies and said it was important to prevent the bailout policies implemented by certain countries from having perverse effects on other countries. As regards Africa, the international community had lent its support to the development of the continent, but that support had to be rendered more effective. In particular, it was worth noting that certain structural adjustment programmes came with conditions favouring adjustment over development and social priorities, which had resulted in lower than anticipated rates of economic growth, industrialization and development. In the context of the global and concerted action now needed, it was essential to ensure that pledges of aid by countries in the Northern hemisphere actually materialized, that aid be coordinated in such a way as to avoid overlapping, and that it target projects and countries most in need of it.

Ms. Bloem (CIVICUS) said she welcomed the cooperation and coordination being developed within the United Nations system and that civil society had long called for. Civil society needed a strong United Nations system, supported by robust regional mechanisms. In that regard, she hoped that the current situation would finally bring about the necessary in-depth changes.

Ms. Clark (Administrator of the United Nations Development Programme — UNDP), responding to the questions regarding coordination among the specialized institutions of the United Nations system, stressed that the Chief Executives Board for Coordination (CEB) had spared no efforts to promote a United Nations-wide response in a wide range of areas, which had translated into a manifest convergence of the views of the representatives of the agencies concerned. As for the critical financial aspect of the crisis, Ms. Clark commented that the UNDP knew how important it was really to focus on developing countries' financing requirements. It was not enough to announce contributions and increases in contributions if they did not in fact materialize, which was the case of 90% of pledges for Africa. However, the UNDP had no intention of leaving it at that. Thus, together with the International Monetary Fund (IMF), it had already worked out six scenarios showing the possible impacts of the initiatives taken at the Gleneagles Summit on the development and macroeconomic position of African countries. As to the issue of knowing whether the programme to promote green growth was timely in these times of crisis, Ms. Clark said it was undoubtedly a time for fresh thinking, for innovation and for taking steps that would be transformational in the long term. Green growth was, wherever possible, necessary because it would ultimately bear fruit. At the end-2009 Conference in Copenhagen, however, no decision could be taken that did not take development as a whole into consideration.

Mr. Somavia (Director-General of the ILO) welcomed the remarks by Ms. Heyzer, who had brought up the issue of sustainable green growth from a regional angle, and said that in his view the idea that developed countries were in favour of environmentally sound growth while developing countries to some extent resisted it did not correspond to reality. Developing countries had, on the contrary, grasped the usefulness and long-term advantages of green growth: Chine and India, for example, had invested substantially in technologies aimed, among other things, at reducing carbon emissions. At the same time, most countries with a recovery plan were taking care to give their programmes an ecological dimension, which was a new development. It was also worth noting the change in the stance taken by the United States, which would have consequences for both technology transfers and cooperation for mitigating the effects of climate change. It was important that everything to be negotiated in the framework of the Copenhagen Conference be implemented in the real economy and now was the time to begin reflecting on ways to offset the possible adverse effects for various economic sectors of the steps taken to reduce carbon emissions. It was above all necessary for enterprises to engage in the social dialogue required for the transition, an area in which the ILO aspired to make a useful contribution.

Mr. Somavia said that, in the context of the current crisis, there were four types of countries: those that had fiscal room for manoeuvre ("space") and were using it, like certain countries in Asia and Latin America; countries which had no fiscal space but did have access to the market, which was true of all developed countries; middle-income countries, which had no fiscal space or access to the market and were currently negotiating with the International Monetary Fund in the hopes of striking a balance and ensuring at least minimal social protection for their citizens, such as Ukraine, Hungary or Pakistan; and, finally, Africa and least developed countries. All countries needed to identify budget priorities and determine which sectors would be allocated domestic resources. The fact was that a review of countries' tax policies showed that tax cuts or subsidies were being granted to sectors that should preferably not be favoured in crisis mode. For instance, in the United States, speculative funds were taxed less than other financial products. It would be advisable to ensure that the financial system was in a position to stimulate the real economy by investing rather than resorting once again to speculation. It was in fact necessary for the bulk of resources to come from the private sector.

Recent policies throughout the world had been characterized by an unacceptable lack of ethics. Given the patent failure of the scenarios once vaunted as models for globalization, today it was a question of establishing a new paradigm and the set of values underpinning it.

Ms. Heyzer (Executive Secretary of the Economic and Social Commission for Asia and the Pacific — ESCAP) said that thought needed to be given to ways to stop the crisis and erect a more supportive financial system for sustainable development. The model that had allowed Asia to trade itself out of the 1997 crisis, by making products in Asia for consumption in the United States, would not work again. Today it was necessary to find ways of expanding intraregional and South-South markets, to offer people greater social protection and develop domestic demand. In recent decades, productivity had increased without raising incomes and wealth had been concentrated in the hands of speculators. It was crucial to address the issue of inequality and to prevent a decline in financing for development. In that respect, lessons should be drawn from the crises that hit Africa, in particular, in the 1980s and gave rise to structural adjustment policies. It was unacceptable to cut back on social services and thereby thwart the pursuit of human development. A debt moratorium, or even the establishment of a debt arbitration tribunal, were ideas to act on because there was no reason why countries which did not start the crisis should pay for it; rather, the solutions they proposed should be taken into consideration by the international community. To prevent a crisis of that magnitude ever hitting humanity again, it was important to put new development strategies in place geared to reducing poverty and closing gaps in equality while achieving sustainable development. In that connection, the climate change agenda was particularly important, especially for the numerous small island states frequently hit by natural disasters and whose very survival was threatened.

Mr. Singh (Deputy Director-General of the WTO) said that protectionism had been defined by the WTO as any measure restricting or distorting trade. The question of whether the green economy could trigger protectionist measures was being debated in many fora; the international trade system and WTO rules constituted an “insurance policy” to address the temptation felt by some countries to pass protectionist legislation. Mr. Pascal Lamy, Director General of the WTO, had stated in Bali, during the Conference of States Parties to the United Nations Framework Convention on Climate Change, that on all matters to do with climate change, the WTO would go along with the decisions taken by competent bodies.

Reaction to the current crisis had been much swifter than in previous crises, particularly because the leaders of a number of organizations had got together to think of solutions: a new development. Various initiatives had been undertaken in the G-20 and G-8, as well as other fora, and the importance of the private sector had been acknowledged. The World Trade Liquidity Facility had been launched to help finance trade in developing countries. Initially, that programme envisaged raising US$5 billion from the public sector in coordination with private sector banks. Financing on the scale needed to overcome the crisis required, however, a degree of coordination that was not yet in place. At the WTO, a coordination mechanism of that kind had been instituted under the Aid-for-Trade initiative, and the ministers of trade, development and finance had for the first coordinated their actions among themselves, a process that had resulted in new commitments.

At the same time, regulatory capacity needed strengthening. It was possible to take steps designed to ensure more effective use of the financial resources available. Appropriate policies in this area offered the only hope for an end to the crisis.

Ms. Johnson (Deputy Executive Director of UNICEF) said that it was important to understand that the scale of the current crisis was unprecedented. All international players, including economists, had at first failed to grasp the scope of what was happening. Today, the IMF was no longer recommending draconian structural adjustments as it had done in the 1980s: a sign of a policy shift. However, it remained to be seen whether the new policies advocated would be tailored to the particular circumstances and difficulties of each country and would make it possible to achieve the desired goals. One clear change was to make counter-cyclical investments, because it made no sense in the long term to cut spending on education, health and social protection at a time of crisis. However, apparently that was easier for middle-income countries to do that than it was for poor countries. In times of crisis, domestic resources had to be used to meet the needs of the poorest and most vulnerable in society and to reduce inequality. There were currently worryingly high infant mortality rates in the upper tranche of middle-income countries, a trend that could be countered by less rigid policies and the allocation of resources. The least developed countries, for their part, needed more fiscal room for manoeuvre, which meant additional financing facilities. There was therefore an essential need for both rich and middle-income countries to deliver on their commitments. In the United Nations system, the CEB, which had met in Paris in April 2009, had, among other things, proposed nine joint initiatives for addressing different facets of the economic crisis. However, that response depended on the delivery of the necessary financing, without which no concrete solution on the ground and no escape from the crisis could materialize.

Mr. Stelzer (Assistant Under-Secretary-General for Policy Coordination and Interagency Affairs) said that the six panellists that day had represented six major agencies of the United Nations system that could contribute to the formulation of a global solution based, in particular, on the nine initiatives advocated by the CEB. Such a solution could help member states devise and implement their own domestic policies.

Many people had hoped that the crisis would only affect the countries at the heart of the international financial system and that countries on its periphery would not be hit. In fact, all countries were feeling the effects of the crisis: fewer remittances, less trade, the contraction of demand on global markets and, above all, dwindling financial flows. According to the World Bank, it was impossible for ODA to offset the drying up of capital flows to developing countries.

While certain countries were striving to revive growth by injecting enormous sums into their economy — which, moreover, had not prevented unemployment from rising — there were many countries that had no means of stimulating their economy in the same way. The idea of a vulnerability facility that would give developing countries some space for counter-cyclical investments had unfortunately not yet materialized.

The sectors that had spawned the crisis were today enjoying an upturn. The large investment banks, in particular, had managed to accumulate billions of dollars to pay their managers and some of them were getting ready to announce record profits thanks to the very same instruments that had triggered the crisis. Those developments meant that it was imperative to intervene to get rid of the imbalances and dysfunctional features of the current system and to rectify the dearth of regulation that had led to the current state of affairs.

Several bodies, such as the G-8, the G-20 and the United Nations General Assembly had put forward interesting proposals, but no global strategy had yet been defined. While the United Nations could contribute to the formulation of a strategy, based in particular on the nine initiatives of the CEB, it was not in a position to guarantee its implementation; that was entirely the responsibility of the Member States. Undoubtedly, the Economic and Social Council had a role to play. It had held a special session in 2008 to address the food crisis in the presence of the President of the Security Council, a sign that the divide between economic, social and security affairs had narrowed. The high-level discussion that had taken place in the first week of the current session and the annual ministerial review had shown that the Economic and Social Council was in a position to give real shape to analyses and proposed solutions. The Development Cooperation Forum in 2010 might also perhaps lead to solutions. Indeed, rather than think about creating new tools, it would be worth pondering how to make better use of those already at the disposal of the international community.

The meeting adjourned at 5.55 p.m.