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**High-level segment of Heads of State and
Government –
In the wake of the global economic crisis:
New opportunities for economic growth with
social equity**

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Summary prepared by the UNCTAD secretariat

High-level segment of Heads of State and Government – In the wake of the global economic crisis: New opportunities for economic growth with social equity

1. The high-level segment explored the theme of new opportunities for economic growth with social equity in the wake of the global economic crisis. It focused, as is the established practice at sessions of UNCTAD, on current issues pertinent to the region of the host country. The high-level segment was chaired by the President of the General Assembly of the United Nations, Mr. Nassir Abdulaziz Al-Nasser, and was addressed by the President of the Conference, Mr. Hamad bin Abdulaziz Al-Kawari. Ministers from Ghana, Niger and Tunisia spoke in detail about their countries' experiences in confronting the economic and the social costs and benefits of economic liberalization and globalization. The Secretary-General of UNCTAD moderated the discussion, with interventions by ministers and heads of delegation of Egypt, the Islamic Republic of Iran, the Russian Federation, Viet Nam and Zambia, and the League of Arab States.

2. Among the range of issues covered, particular concern was expressed about the limited impact that the economic reforms introduced in many countries in the region and elsewhere in recent years had had on employment, incomes, economic diversification and structural transformation. In many cases, the economic policy reforms had delivered impressive growth, significant expansions of foreign direct investment, and remarkable increases in the volumes of exports as well as the value of exports. However, speakers argued that much of the investment-fuelled growth had been capital-intensive, had been concentrated in the minerals, metals and energy industries, had failed to generate jobs, and had produced few spillover effects in the wider economy. In some cases, growth had not been sustained, and inequality and economic vulnerability had increased. Those economic failures had combined in different proportions with political dissatisfaction to trigger political upheaval.

3. Very high unemployment was singled out as the most urgent problem facing developing countries in the wake of the global economic crisis. Panellists pointed to the paradox of high or rising unemployment in many countries despite high rates of overall GDP growth. Creating jobs for young people was considered an especially critical challenge in the different cases cited, with educated youth constituting a large share of employable but unemployed populations. In some sub-Saharan and North African countries, young people accounted for as much as 50 to 60 per cent of the total population. Speakers expressed concern about a "lost generation of youth" if employment generation was not accelerated.

4. The State, speakers asserted, needed to be proactive, with policies that supported the creation of employment and of small and medium-sized enterprises (SMEs). Speakers identified the following measures for the acceleration of job creation: targeted incomes policies including scholarship programmes for the unemployed and publicly funded reskilling programmes, enterprise development programmes targeted at SMEs, sectorally focused industrial policies, and measures to expand regional trade, which would be expected to foster diversification and industrialization.

5. On macroeconomic policies, speakers noted that the reforms that had been instituted had too often tried to make countries cost-competitive by promoting labour-market flexibility and inflation-targeting monetary policies that had tended to compress wages and incomes, and had failed either to increase employment or to reduce poverty. Several speakers asserted that comprehensive new roadmaps were needed to guide employment strategies. Others pointed out that a large, youthful population should not be seen as a burden, but as the basis of a future "demographic dividend".

6. Several speakers said that within the region, and in developed as well as developing countries across the globe, frustration with rising inequality, high unemployment and lingering economic uncertainty had produced a political and social “sea change”. Peoples in the region and beyond were demanding dignified standards of living and a new economic paradigm for more inclusive growth and development. According to several speakers, prevailing development models had not helped people to meet their aspirations. In that context, a legal framework for good corporate governance and for financial and economic governance was needed to complement the extensive set of rules and institutions that had been created to regulate international trade.

7. The value of regional cooperation for dealing with the effects of the crisis and for stimulating growth was emphasized. UNCTAD was urged to support interregional sharing of experiences, technical consultations and best practices. Enhanced regional cooperation was one important path to creating policy space that was compatible with WTO disciplines and principles.

8. Several speakers from the region stressed that the status quo in the global economic system was not acceptable and that a new balance was needed to address persistent problems. Among the factors leading to the global economic and financial crisis, they said, was insufficient attention being paid to the retreat of ethics from economic life. One reason why no one saw the crisis coming was that the world had blinded itself to the imperfections of the system. Ideological adherence to the doctrine of the invisible hand and misplaced faith in the ability of the market to rebalance the global economy had also contributed to the pattern of recurring international financial and economic crisis.

9. Contemporary wisdom, in the view of one speaker, ignored the reality that the global economic system, being a human construct, was subject to human weakness and frailty. In the Arab region, the speaker elaborated, people had clamoured for greater equity and inclusivity. Such aspirations could only be realized with governance structures and mechanisms that placed development at the centre, that were guided by a solid ethical foundation, and that were driven by the principle of doing what was best for the common good. The evolutionary work of the United Nations must be complemented by a revolution in thinking. A new culture of multilateral economic relations must be based on putting ethics at the centre of international economic decision-making. The social contract between State and citizens should be renewed, and the results of finance-led globalization reconsidered.

10. Finally, the President of the General Assembly noted that on 17–18 May 2012, he would be convening a high-level thematic debate of the General Assembly on the state of the world economy in 2012. He hoped that those discussions would provide as much guidance and hope to the Member States assembled in New York as had been heard at the current high-level segment.
