

STATEMENT BY AMBASSADOR ADRIANA PULIDO, ALTERNATE PERMANENT REPRESENTATIVE OF VENEZUELA TO THE UNITED NATIONS, ON BEHALF OF THE GROUP OF 77 AND CHINA, ON AGENDA ITEM 3 A): “INTEGRATION OF SOCIAL AND ECONOMIC POLICY”, AT THE FORTIETH SESSION OF THE COMMISSION FOR SOCIAL DEVELOPMENT

New York, 12 February 2002

Madame Chairperson,

It is indeed with great pleasure that I greet you and the other members of the Bureau, on behalf of the Group of 77 and China. You can be assured that our Group stands ready to work with you, the Bureau and our negotiating partners in a constructive and dedicated manner during the tasks that lie ahead of us.

I would also like to take the opportunity to express our gratitude to the Secretariat for their dedicated work and professionalism in the preparation of the documents that will serve as basis for the discussions of the Commission.

Madame Chairperson,

In 1995, in the framework of the World Summit for Social Development, our Governments affirmed, “The ultimate goal of social development is to improve and enhance the quality of life of all people”[1]. This, we think, should be the guiding principle of our actions when designing economic and social policies.

For the G-77 and China, the goal of improving the quality of life of all people implicitly requires the coordination and integration of actions in both, social and economic realms. But as the Secretary General has rightly pointed out in his report, experience has shown that, in practice, there is a gap between the implementation of macroeconomic policy measures and the design and implementation of social policies and programmes. This gap is visible mostly among developing countries, particularly those that have gone through the process of implementing stabilization or structural packages.

If, as the Secretary General argues “...there’s no serious doubt that the ultimate ends of economic policy are in the broadest sense ‘social’”, then what is the origin of such a gap? Unfortunately, in our view, the report does not elaborate sufficiently into the underlying causes of the “divorce” that in practice seems to have existed between the formulation of economic and social policies.

Madam Chairperson,

In keeping with the objectives of the World Summit for Social Development, the Group of 77 and China, attaches great importance to the integration of social and economic policies. Social development will not be simply realized through the free interaction of market forces. It is necessary to put in place policies aimed at correcting market failures, complementing market mechanisms, maintaining social stability and creating national and international economic environment that promotes sustainable growth on a global scale, leading to sustainable development.

Sadly, we have witnessed how the implementation of strict macroeconomic measures in many developing countries have resulted in growing inequalities within societies, erosion of health and educational systems, and increasing levels of poverty that, in some cases, have led to social unrest. It is well known that, in many

instances, these macroeconomic policies have even reversed years of gains in the social sector and have reduced the living standards of many segments of the population.

Often social measures have had to be put in place with a sole palliative aim, attending the immediate undesired effects derived from the implementation of certain macroeconomic measures.

Moreover, developing countries are faced with one of the most pressing challenges, described by the Secretary General in his report, of financing the provision of public goods in the context of limited sources of fiscal revenue, restricted by an increasingly liberalised international economic environment. We agree with the Secretary General that this situation adds also new urgency to the need for innovative new sources of financing for development.

Madame Chairperson,

While the G-77 and China acknowledges the responsibility of national Governments in the formulation of economic and social policies, and in making sure that an integrated and coordinated approach to both is adopted, we believe that a supportive international environment should promote the efforts of developing countries in these endeavours. Economic policies should incorporate broad social development objectives, which would contribute not only in the realization of social goals, but also in the success of macroeconomic policies themselves.

There are encouraging signs that the international financial institutions are trying to work towards the goal of integrating economic and social policies when designing structural adjustment programmes.

In this context, the Group of 77 and China finds that mechanisms such as the Structural Adjustment Participatory Review Initiative (SAPRI), under the auspices of the World Bank, are an interesting idea from which lessons can be drawn. However, participation of Governments in this type of mechanisms should be ensured and encouraged, bearing in mind their fundamental role in implementing macroeconomic and social policies. Likewise, we would like to indicate that the Monterey Conference on Financing for Development will signify an important step forward in building a global alliance for development, at the national, regional and international levels, between developmental, financial and trade organizations and institutions.

We also await with interest the methodology for ex ante social and environmental impact analysis of structural adjustment programmes being prepared by the World Bank and the International Monetary Fund (IMF).

Madame Chairperson,

To conclude, let me reiterate to you the readiness of the Group of 77 and China to work closely and cooperatively with you and the Bureau, as well as with our negotiating partner, in order to produce a successful outcome in our deliberations of this year.

Thank you, Madame Chairperson.