

**ECOSOC High-Level Policy Dialogue**  
Current Developments in the World Economy  
2 July 2010

**Opening**

The High-Level Policy Dialogue was moderated by Mr. Sha Zukang, Under-Secretary-General for Economic and Social Affairs

In his opening remarks, Mr. Sha stated that the purpose of the meeting was to share perspectives on what steps the international community should take to climb out of the most severe recession since World War II. He stated that



- Second, inequalities must be addressed in order to achieve inclusive growth. Investments in small-scale producers, education that leads to employment, and in agriculture, especially in extension services, are needed.
- Third, the roles of State and market must be further defined, and state institutions must be strengthened along with market liberalization. In certain areas, such as agricultural investment, carbon-neutral policies and establishing a green economy, Government should lead the way.
- Fourth, international cooperation should be enhanced in order to increase the level of financial assistance and rebalance investment towards social and economic goals. There also needs to be better aid coherence.

On the final point, Mr. Supachai noted that from the recipient countries perspective, there is a need for a central body to monitor, assess and audit development effectiveness of aid and make aid counter-cyclical. He closed his statement by proposing a forum or commission to this end.

**Mr. Reza Moghadam, Director,**

**Otaviano Canuto, Vice President, Poverty Reduction and Economic Management Network,  
World Bank**

Mr. Canuto pointed to a convergence of views on a series of points about the crisis with the two previous speakers. H-392 Tm{Ot40 1 181-392 Tm{Ot40 1 181-392 Tm9-5(rg)3(e)4(v)4(d )-37(tohat)-37(tmul-3

Mr. Boonekamp noted that while trade is lea

even more. Peru asked how the FTAs can be made compatible with the international trade system or whether the trend of increasing FTAs will become an obstacle to the Doha Round.

**Indonesia** noted that global economic growth of about 3 per cent is expected in 2010 but also stressed that challenges in fiscal consolidation and the sovereign debt crisis could be potentially contagious. The economic recovery has been elusive, and fiscal space has been limited. The need for new sources of growth, stimulating trade and investment, to complement demand was also highlighted as was the

need to be properly sequenced, with strengthened budgetary framework. The EU noted such fiscal consolidation will support economic growth. The EU acknowledged that open trade is good for growth over the medium term, but trade policy cannot be the main instrument in tackling social policy issues. Social policies are needed to address short-term risks and must be complemented by educational policies in a mutually-supportive policy framework.

## **Nicaragua**

In response to the question from