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Report on UNCTAD's public symposium on the global economic crisis and development: the way forward*

Introduction

1. UNCTAD's first public symposium was held in Geneva on 18 and 19 May 2009. The symposium highlighted the "human face" of the global economic crisis, and provided a platform for civil society organizations to voice their concerns and offer ideas firmly anchored in grassroots realities.

2. More than 360 representatives from civil society, the private sector, labour organizations, academia and research institutes, international organizations and member States, as well as parliamentarians, joined UNCTAD, the International Labour Organization (ILO) and the United Nations Department of Economic and Social Affairs (DESA) to discuss the impacts of the crisis, the responses, and ways forward. The meeting was organized in collaboration with the United Nations Non-Governmental Liaison Service and other partner organizations. During the two-day event, four plenary sessions and six breakout sessions were convened (the programme and a summary of the breakout sessions are annexed to this report).

3. The Symposium was chaired by Mr. Dian Triansyah Djani, President of the UNCTAD Trade and Development Board, and was opened by the Secretary-General of UNCTAD, Dr. Supachai Panitchpakdi. In his opening remarks, Ambassador Djani underlined that the Symposium provided a very timely platform for a broad range of stakeholders to share their perspectives on the crisis and on possible ways forward. Dr. Supachai Panitchpakdi emphasized that the forum intended to "give voice to the voiceless – the innocent bystanders", and went on to say that an exit strategy for the crisis was needed

* The list of participants at the Symposium can be found at: http://www.unctad.info/publicsymposium/participants.

for all countries. Real reforms were necessary to avoid going back to the same old cycle of boom and bust.

4. Keynote speakers at the opening session included Mr. Juan Somavia, Director-General of ILO, who said that ILO was developing a Global Jobs Pact to address the global unemployment crisis – notably through employment targeting, establishing a social protection “floor”, and ensuring that economic stimulus packages are better coordinated and much more employment-intensive. Mr. Sha Zukang, Under-Secretary-General of DESA, said that the way forward for the United Nations involved action on two fronts: first, better understanding the full effects of the crisis on developing countries and development, and second, contributing to shaping effective policy responses, notably in relation to the need for a “global new deal” – consisting of a deep reform of the global financial system and more legitimate and representative institutions of global governance, which would, inter alia, ensure greater coherence between the international trading system and the international financial architecture. It was important for donor nations to honour their aid commitments to the developing world, even as they committed huge sums to domestic stimulus measures. Mr. Anders B. Johnsson, Secretary-General of the Inter-Parliamentary Union, said that parliaments had some soul-searching to do regarding why they had not had regulations in place to prevent the financial abuses that had led to the crisis, and that many parliaments were now in the process of significantly strengthening their oversight capacity on global economic matters. Mr. Guy Ryder, Secretary-General of the International Trade Union Confederation, said that the mood among trade unionists was one of anger and fear. It was critical to take seriously the danger of social instability. Ms. Céline Charveriat, Head of Oxfam International’s Geneva office, said that as a result of the crisis another 55 to 90 million people could be pushed into extreme poverty in 2009, on top of the 130 to 155 million people already reduced to that state in 2008 because of soaring food and fuel prices.

5. The opening of the meeting set the scene for the three plenary sessions.

I. Plenary session 1: The global economic crisis – its causes and its multiple impacts

6. This session was moderated by Mr. Debapriya Bhattacharya, Distinguished Fellow, Centre for Policy Dialogue, Dhaka, Bangladesh. The panellists included Ms. Nuria Molina, European Network on Debt and Development; Mr. Vicente Yu, South Centre; Mr. Jan Atteslander, Economiesuisse; Ms. Diana Aguiar, International Gender and Trade Network/Women’s Working Group on Financing for Development; Mr. Arjun Karki, LDC Watch; Mr. Manzoor Ahmad, Food and Agriculture Organization of the United Nations (FAO); and UNCTAD resource persons.

7. Participants generally concurred on the multiple long-term causes of the crisis, which included a failure to meet agreed commitments; lack of oversight; structural imbalances in the world’s largest economies; macroeconomic imbalances; and other systemic and/or institutional factors. The crisis was not simply the result of developments or “misbehaviour” in the corporate and financial sectors, but had been in the making for a good 30 years or more. It was rooted in contradictions in the current global development trajectory and development paradigm, such as income inequality – whereby the richest 1 per cent of the world population receives as much as the entire bottom 57 per cent. Speakers said that this was a major cause of economic instability and crisis, as it led to a deficit of global aggregate demand. Inequality reflected increasing global interdependence, but without effective global institutions to cope. The crisis also called into question the wisdom of economic integration and market openness, given that the countries most

affected were those that were most open and most dependent on external trade. A new economic paradigm and a rethink of globalization were required.

8. Participants elaborated on the numerous and tremendous impacts of the crisis on developing countries. The problem for developing countries was not just how far their per capita income would fall, but how long the recession would last; there were fears of another "lost decade for development". How much would conditions get worse before they got better? In addition, the crisis might well trigger other sorts of crises, and might worsen the food and debt crises. An exit strategy was needed that would cover all countries – especially the weakest and most vulnerable – since everyone would be scrambling to get out, and the weakest might get trampled on or not even survive.

9. The crisis, they said, had endangered achievement of the Millennium Development Goals. In the least developed countries (LDCs) in particular, it was aggravating both poverty and political crises. Social protection measures were urgently needed, and for that to happen, civil society and trade unions must take action in cooperation with the international community – including the United Nations – to arrest the crisis. Financial commitments made by donors should be honoured.

10. Inflows of foreign direct investment (FDI) were down worldwide, with developing countries affected severely. To turn the crisis into an opportunity, some speakers called on policymakers to encourage domestic investment, which could be enhanced by FDI within the right policy framework. They should also develop small and medium-sized enterprises (SMEs) and foster regional integration, which could help to remove trade barriers and make domestic firms more competitive. It was noted that South–South investment and cooperation were especially important, for example to improve agricultural infrastructure in developing countries, as were public–private partnerships. However, in pursuing FDI, developing countries should avoid a race to the bottom.

11. International trade from developing countries in 2009 would be down by an estimated 7 to 9 per cent. However, some participants stated that this decline in trade was more than just declining revenue; it also meant declining output, jobs, productivity and incomes, and increasing poverty. To address declining export earnings in developing countries – which were proving most damaging to poorer countries dependent on only one or two commodities – trade should be kept afloat. Export and market diversification should be encouraged, along with enhanced domestic productive capacity and a better balance between domestic demand-led and export-led growth, as part of new strategies to build up the resilience of developing countries' economies to exogenous shocks. Measures were needed to improve market access, including, in particular, through South–South economic cooperation and regional integration. In addition, measures were needed to avoid protectionism and to increase non-reciprocal preferential market access for developing countries, including LDCs. Trade policies needed to be specifically oriented towards alleviating poverty, mainstreaming gender, and promoting sustainable development. The growing trend towards agricultural subsidies should be arrested, as part of measures to improve agricultural production and productivity in order to deal with the ongoing food crisis. It was noted that without such measures, low food production and continuing high food prices would have a particularly devastating impact, especially on the net food-importing countries, with the risk of unleashing yet another food crisis.

12. Credit, official development assistance (ODA) and other forms of financing had been cut, especially to developing countries, which were projected to have net capital outflows of $700 billion in 2009. Debt sustainability was again a major concern, as developing countries were earning less but paying more. Their foreign reserves were generally depleted, exchange rates were increasingly volatile, and their fiscal pressure was on the rise. As no part of the world was immune, it was imperative to develop a global financial warning system. In the same vein, with a general increase in interest rates on

International Monetary Fund (IMF) loans, another round of debt crises could arise. Numerous participants called for the cancellation of all debt immediately; for providing stimulus packages as grants, not loans; and for ensuring that new funding packages were provided unconditionally. At the same time, it was crucial to preserve developing countries' policy space, especially with regard to fiscal policy.

13. In addition, some participants commented that IMF governance and financing systems must be reformed and the regulatory framework overhauled. In the United States and other developed countries, for example, the financial system contributed about 10 per cent of GDP, but 40 to 50 per cent of total profits. Financial capital and financial interests – which had become detached from the interests of the real economy – predominated, and the real economy was increasingly subject to financialization. The contribution of the financial sector to sustainable, inclusive growth with social protection was highly questionable.

14. A number of speakers stressed the impact of the crisis on employment, on women and on human rights. The financial crisis had evolved first into an economic crisis, then a jobs crisis, and now a social recession. With unemployment on the rise, some 80 per cent of workers were left without social protection. Remittances were down, and global social instability – along with anger and fear – was growing. The rights of capital had grown, while the rights of workers were increasingly being disregarded.

15. Some participants commented that the crisis was reinforcing existing inequalities within and between countries and between the sexes. Women workers in developing countries were particularly vulnerable in such sectors as apparel, agriculture and tourism, where they predominated. By contrast, stimulus packages and incentives had generally been addressed to sectors traditionally dominated by male employees, including the car industry and finance.

16. The right to development and the right to food should not be overlooked either, in the context of economic, social and cultural rights as well as political and civil rights. The rights of the most vulnerable – including migrant workers, women and children – must be safeguarded. It was also important to make the future greener, by investing in low-carbon energy sources and activities.

17. It was stated that reform was needed not just of the Bretton Woods institutions, but also of the entire United Nations system. Where UNCTAD was concerned, meeting participants said that its research capacity should be enhanced in order to better address the crisis.

II. Plenary session 2: Assessing existing responses to the crisis at international, regional and national levels – limitations, perspectives and best practices

18. This plenary session was moderated by Mr. Ernesto S. Martínez Gondra, Minister Plenipotentiary and Deputy Permanent Representative of Argentina in Geneva. The panel included Ms. Elizabeth Tankeu, African Union, Ethiopia; Mr. José Manuel Salazar-Xirinachs, ILO; Mr. Janwillem C. Acket, Bank Julius Baer; Mr. Rudy de Meyer, 11.11.11 – Coalition of the Flemish North–South Movement; Mr. Peter Wahl, World Economy, Ecology and Development; Mr. Emmanuel Gyekye Tanoh, Third World Network–Africa; Mr. Carlos Benavente (LATINDAD network, Nicaragua) and Mr. Mustafizur Rahman (Centre for Policy Dialogue, Bangladesh).

19. Participants discussed the existing responses to the crisis at the international, regional and national level. In addition to examining the impact of the stimulus packages

pursued by some countries, participants also discussed the G20 proposal and the role of UNCTAD and the United Nations in that process.

20. It was stated that the impact of the crisis on developing countries had occurred through external shocks and various transmission mechanisms. The current crisis was already having a devastating impact on growth and development in Africa – through falls in commodity prices, transfers, trade finance, and investment flows. As a result, unemployment and poverty were on the rise. In the Asia-Pacific region, some LDCs were showing some resilience to the crisis and were even showing positive growth prospects for the current year. Unlike in Africa, the drop in commodity prices had been beneficial in LDCs of the Asia-Pacific region; however declining import prices had induced fiscal problems due to lower import tax earnings, which are important in the region.

21. It was noted that the ability of developing countries to mitigate the adverse effects of the crisis was contingent on their level of dependence on external demand (exports) and external financing (FDI, remittances and ODA), and also on their space for fiscal expansion/discretionary demand management and the ability of the authorities to use it flexibly. Both in Africa and in the Asia-Pacific region, there was limited policy space to react counter-cyclically to the current crisis. While this implies potentially high costs to African economies also in terms of poverty, Asian countries are not able to restructure their economies appropriately, so although they are still relatively resilient to the crisis, they may be affected considerably once the recovery from the crisis starts.

22. As one response to the crisis, some countries had been implementing large stimulus packages to mitigate the negative consequences of the crisis. Some concern was raised in the discussion concerning the implications of the enormous stimulus packages of the developed countries; in particular, mention was made of “buy American” clauses that would be likely to lead to trade sanctions between the United States and Europe. It was also mentioned that stimulus packages by more the advanced developing countries (such as China and India) might have a distortionary impact on the competitiveness of LDCs which are not able to afford similar stimulus packages. It was stated that the best-designed fiscal stimulus packages are those that focus on targeted job generation and social protection at the core, but that unfortunately, direct spending on employment had made up only a minimal share of fiscal stimulus packages.

23. It was noted that restoring health to the financial sector had taken longer than expected. The financial sector remained in a critical state in many countries. Capital flows had not been restored to levels compatible with full employment, and the limited bank lending taking place was often at high interest rates. It was also emphasized that the recent signs of recovery on the stock markets should not be interpreted as signs of a turnaround. Banks were still facing huge credit gaps that could not be filled by interventions by central banks and multilateral institutions.

24. It was stated that restoring health to the financial system in order to sustain a recovery led by the private sector was urgent, because the room for discretionary fiscal stimulus had been nearly exhausted in some major developed countries, suggesting that a recovery led by the public sector was not sustainable beyond 2010 for major economies, particularly the United States.

25. The need for developing countries to engage in counter-cyclical policies was emphasized. However, all sources of financing for developing countries had been affected by the crisis, making it hard for fiscal stimulus in those countries to compensate for lost sources of growth. Developing countries simply did not have the capacity to pursue large stimulus packages. It was pointed out that the question of how to finance that drop in fiscal earnings remains unanswered, and that it could not be tackled in the traditional IMF balance of payments framework.

26. Some discussants called upon Governments of developing and emerging-market countries not to wait for Western solutions and stimulus packages, and to urgently implement their own measures to boost domestic demand. This was echoed by other speakers, who underlined the importance of not discarding unilateral measures to fight the crisis. The unilateral measures mentioned included (a) taxes on financial transactions; (b) capital controls; and (c) the banning of hedge funds and private equity funds.

27. At the regional level, civil society in Africa was disappointed with the global multilateral response to the crisis. It was stated that African forums to address the crisis seemed to have gone further than the multilateral efforts in treating it systemically. They were said to have addressed the gaps between savings and investments, the decreasing export earnings, and the growing current account deficits – all of which are crucial factors for Africa in light of its huge financing shortcomings. It was stated, however, that the African institutions simply lack the funds for implementation.

28. It was noted that the current stimulus packages may not be adequate to address the challenges that African economies face. Africa needs a concerted stimulus package that includes elements such as production-boosting measures and technological upgrades. Public investment plays a vital role, too. On financial regulation issues, speakers said that Africa needed to be given its policy space to address its current account deficits, with a central role for the State as a regulator.

29. The need for efficient institutions was stressed. Some concerns were expressed as to whether the G20 proposal was sufficient to deal with the current crisis in developing countries. In respect of the G20 proposal, participants identified the following implementation challenges: (a) the amounts quoted are aspirations and the money is not yet committed by the major players; (b) the IMF’s requirement to use conditionality to access the resources continues to be a problem; (c) the political and economic stigma makes many countries reluctant to approach the IMF until they are in serious trouble. In addition, doubt was expressed as to whether diverting 0.7 per cent of the stimulus packages to a vulnerability fund would materialize, in light of the failure to deliver on previous donor commitments.

30. It was stated that in the G20 communiqué, the United Nations system as a whole was invisible and was not assigned an important role. The importance of the role of the United Nations and the need for inclusive international governance was underlined. Participants added that the role of the IMF in the G20 proposal posed a dilemma, as it was felt to lack credibility. It was noted that the climate change debate had been totally absent, and that it was important to stress it now and generate a new thinking about the way development and growth could take place. There had been no shift towards a more sustainable development agenda. (The whole topic had also been missed at the 2009 meeting of the G8 in Italy.)

31. Moreover, speakers noted that it remained to be seen how strong the G20’s commitment is to put employment, social protection and labour-market issues at the centre of policy responses. The importance was emphasized not only of promoting recovery, but also of laying the foundations for a more inclusive and sustainable pattern of growth and globalization in the future.

32. Looking ahead to the future, speakers asserted that it was clear from the current crisis that the financial system was unable to regulate itself; this highlights the importance of State participation. It was pointed out that the present crisis could be an opportunity to promote innovative patterns of growth, and to rethink and rebalance development agendas – not just to return to the policies of the past. It was said that there was now a new power balance in the world and that the G8 was defunct. There was general agreement on a fundamental need for a new approach to governing the international financial system.

33. It was highlighted that the current crisis required a joint global effort. The importance of more inclusive international governance was underlined, notably with respect to the participation of African countries. Speakers said that UNCTAD should go the "extra mile" to discuss the ethics behind a new world economic governance structure.

34. It was felt that if the process was to be inclusive, counter-cyclical, egalitarian and environmentally friendly, then there was a need for a more decentralized approach with a stronger coordinating role for the United Nations and a subordinate role for IMF and other specialized bodies in dealing with tax, finance and the economy. This idea was supported by other discussants, who noted that UNCTAD and the United Nations system had an important role to play and that the proposals of the Stiglitz Commission should be taken as the basis of future United Nations reform. However, it was also stated that the United Nations may not yet be ready for this role and that considerable upgrading would be required.

III. Plenary session 3: Proposals for the way forward – obstacles and opportunities

35. The debate was moderated by Mr. Martin Khor, Executive Director of the South Centre. Discussants included Mr. Jomo Kwame Sundaram, Assistant Secretary-General, DESA; Mr. Pedro Páez, member of the Stiglitz Commission and former Ecuadorian Minister of Economic Coordination; Ms. Esperanza Durán, Executive Director, Agency for International Trade Information and Cooperation; Ms. Jacqueline Coté, Head of the Geneva office of the International Chamber of Commerce; Ms. Joy Kategekwa, Oxfam International; Mr. Christophe Aguiton, Association for the Taxation of Financial Transactions to Aid Citizens; Ms. Sanya Reid-Smith, Third World Network, Geneva; and Mr. Stephen Pursey, ILO.

36. The objective was to identify ways forward for dealing with the economic crisis, building on the discussions at the plenary and breakout sessions, and to send these ideas to the President of the General Assembly and the upcoming United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development.

37. The discussions focused on the need for well-coordinated action to ensure sustainability. Participants reiterated concerns about (a) the risk of returning to "business as usual"; and (b) the inadequate policy responses to date. They called for concrete policy action, specific modalities and time frames, and institutions ready and able to carry out the reforms. They lamented the non-transparent ad hoc arrangements implemented so far, and called for stronger political will in tackling the crisis.

38. Many speakers stressed the challenges – not only of designing the reforms ahead, but also of securing collective action from disparate nation states. Speakers highlighted the positive role that civil society could play in this regard, noting that:

(a) Collective civil society pressure can promote multidimensional action; and

(b) Civil society can add a dose of grassroots reality to the debate which has so far been largely rhetorical.

39. There was a clear focus on the need to plug the "holes in the buckets" and to monitor actions carefully in order to make fire-fighting the crisis more effective. Many speakers noted that there was no "one size fits all" solution; rather, multilateral action had to be "localized" and tailored to meet the particular needs of each country and region. This could be achieved in part through stronger regional approaches. For example, regional institutions could develop and fund special recovery programmes and plans (e.g. infrastructure and other "back to basics" projects). Related to this were calls to ensure that countries were

accorded sufficient policymaking space to take necessary stimulus measures, manage their currencies, and avoid debt traps.

40. Numerous speakers highlighted the importance of keeping attention on other factors in the sustainable development agenda. Many emphasized that human rights were at the core of sustainable solutions (including women's rights, children's rights, and workers' rights). A number of speakers were concerned that climate change and environmental issues risked being marginalized, and stressed the need for a strong focus on the Copenhagen meeting in December.

41. Participants recognized the important role that trade and investment – both domestic and international – could play in a sustainable recovery from the crisis. They broadly agreed on attacking protectionism, but noted that it would be a challenge to do so without collective international action on jobs. A number of participants also saw merit in concluding the Doha Round, provided that it delivered a balanced outcome for developing countries. This would help avoid protectionist tendencies and underpin programmes supporting trade development efforts in developing countries. At the same time, it was seen as equally important to ensure that economic partnership agreements (EPAs) and other trade and investment agreements did not impede the ability of governments to take counter-cyclical measures to respond to economic difficulties. Several speakers suggested reviewing the impact of the crisis on the World Trade Organization (WTO) financial services negotiations and commitments.

42. A number of speakers also called for increased trade finance, through IMF package and regional efforts, and for regional endeavours to tackle trade facilitation and intraregional trade barriers.

43. Policy space was, again, one of the main areas of discussion. Many speakers highlighted the need in international agreements and crisis packages to allow national policymaking space, in order to be able to carry out domestic reforms and put in place policies that would help governments fight crises. This would include unilateral and multilateral action on financial transaction taxes and capital controls to counter the "carry trade" and short-term speculative "attacks" etc.

44. Many speakers called for the reform of the global financial architecture and provided suggestions for improvements, including the need to reform the exchange rate system in order to underpin macroeconomic stability and avoid debt traps and speculation. This would involve going back to the basics – to the rules invented at Bretton Woods – in particular, fixed but adjustable exchange rates reflecting fundamentals such as inflation rates. Speakers added that keeping real exchange rates stable would prevent major distortions in international trade and currencies.

45. The idea of reviewing the reserve currency system was also suggested, to see if heavy dependence on the United States dollar could be reduced, perhaps by using special drawing rights (SDRs).

46. Participants stressed the importance of democratizing processes and ensuring the full representation of civil society and other stakeholders in finding global solutions and in ensuring that local implementation would benefit their constituencies.

47. Participants voiced strong opposition to traditional IMF-imposed conditions, noting that developed countries were taking counter-cyclical measures that clearly ran against IMF norms. They also pointed to inadequate IMF "promises of reform".

48. Another recurring message was that international decision-making had to become much more representative and inclusive in order to deliver a sustainable recovery. Numerous speakers expressed concerns over the marginalization of the United Nations in the responses to the crisis. They called for a new role for the United Nations in a "new

global economic governance system". They suggested that the United Nations and other agencies jointly determine what role each should play, noting that the United Nations does not possess the expertise or the capacity to take on financial fire-fighting. They thought the United Nations could contribute in a variety of other ways, though some restructuring could be necessary.

49. Specifically, participants called on the United Nations to take a stronger leadership role and an ambitious and coherent approach at the United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development.

50. Suggestions for the way forward included policy space, jobs, exchange rates, financial regulation, debt, and regional financial and monetary approaches. The comments and suggestions made included the following:

(a) Financial/monetary issues

(i) Explore a new exchange rate system that would ensure stable real exchange rates that reflect fundamentals;

(ii) Review the reserve currency system and explore the possibility of a system based on special drawing rights to replace the United States dollar as the major reserve medium;

(iii) Develop regional financial/monetary instruments, institutions and coordination mechanisms, drawing on new schemes such as the Bank of the South in Latin America and the Chiang Mai Initiative, which offer a "bottom up" approach and could be the building blocks of a new system;

(iv) Ensure continued credit flows to cover revenue shortfalls, including new IMF loans that do not impose "old" pro-cyclical conditions;

(v) Allow countries the necessary policy space to impose capital controls and other measures to deflect speculation and ensure stability;

(vi) Strengthen financial regulation to discourage the "carry trade" and ban "short-selling";

(vii) Revisit the WTO financial services negotiations and free trade/investment agreements, to review the impact of commitments on effective crisis response.

(b) Debt

(i) Offer a debt moratorium to vulnerable nations affected by crisis-induced exchange rate movements and losses of revenues. Explore the creation of a sovereign debt-restructuring mechanism.

(c) Institutional and corporate governance

(i) IMF and Financial Stability Board to provide progress reports on reform efforts;

(ii) Financial institutions to be subject to new, more rigorous regulation;

(iii) Basel II to explore differentiated guidelines for different sectors and countries.

(d) Role of civil society

(i) Collective action taken by civil society on a variety of fronts, including to monitor IMF "reform", to push timely disbursement of stimulus funds, to discourage the imposition of unreasonable loan conditions on developing countries, and to add pressure to make the United Nations less bureaucratic and more responsive and action-oriented.

(e) Role of the United Nations

(i) Development by the United Nations of a strategy to enhance its role and visibility in dealing with the economic crisis. This could build on the United Nations' convening power and its ability to think outside the box, in order to find inclusive multi-dimensional solutions to the complex economic problems facing the world;

(ii) Member States to strive to make the United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development a landmark event that is decision-oriented and actionable – producing a technically robust programme of action and incorporating a follow-up mechanism (it could, for example, set up a working group to report on progress to the General Assembly);

(iii) Member States to explore further the idea of a United Nations global economic coordination council to monitor the economic and financial situation and to provide effective responses (avoiding it becoming just another "coordination club");

(iv) There is a need to strengthen United Nations cooperation with the Bretton Woods institutions.

IV. Closing plenary session: Next steps

51. UNCTAD's first public symposium concluded with a call for an inclusive response to the global economic downturn – a response that would keep social considerations firmly in the spotlight. Participants recommended policy measures to reform the international financial and monetary system, create new employment, and assist developing countries in managing debt and taking the necessary counter-cyclical measures.

52. Specific recommendations included a temporary debt moratorium on official debt for low-income countries in order to free up fiscal space for stimulus measures; a more stable exchange rate system; a new reserve currency system based on special drawing rights; a global jobs programme; and regional response mechanisms.

53. Speakers said repeatedly that the downturn is far from over, and that recent stock market rallies should not lead decision-makers to ignore the profound and long-lasting effects on poor countries.

54. The Symposium urged the United Nations to play a prominent role in responding to the crisis, saying that the organization's broad membership made it well placed to act in the interests of all.

55. Many participants thanked UNCTAD and its partner organizations for convening the public symposium and stated that it was useful and successful. They also called upon UNCTAD to continue to convene such events and initiatives in the future.

Annex I

Summary of the six breakout sessions

I. Breakout session 1: The global jobs crisis: issues related to rising unemployment, wage deflation, implications for global aggregate demand, and the proposal for a global jobs pact

1. This session was moderated by the United Nations Non-Governmental Liaison Service. The session examined the many dimensions and implications of the global jobs crisis, which was described as a "crisis before crisis" that urgently needed to be addressed in order to counter further deterioration of the global economic outlook. It was noted that the global imbalances that had contributed to the current crisis were also related to lack of progress over the last two or three decades on the United Nations objective of "full and productive employment and decent work for all". This objective was only recently included as a target for meeting the Millennium Development Goals, and constitutes the missing link between growth and poverty reduction.

2. Even before the financial and economic crisis hit in 2008, and despite the previous period of relatively high global growth, the global economy had not been capable of generating enough productive employment for the steady rise of entrants into the global labour market. Combined with rising inequalities resulting from stagnant or declining wages in many parts of the world, the global economy had depended on the United States to act as a "consumer of last resort", which – because wages were also stagnant if not declining for the average United States worker – had led to an unsustainable consumer credit bubble that burst on the housing market and precipitated the current crisis.

3. According to ILO speakers, in addition to a rise in unemployment and informal economy work, there had already been signs of wage deflation, which the ILO flagship report on the crisis described as even more dangerous than beggar-thy-neighbour devaluations and protectionism. A senior UNTAD representative emphasized the dangers that this scenario posed for the global economy, and drew parallels with the widespread wage deflation which contributed to and prolonged the Great Depression in the 1930s. It was noted that in today's crisis, workers around the world were often being faced with the dilemma of either losing their jobs or accepting a wage cut. It was further noted that at the enterprise level, this seemed to be rational behaviour. However, if this pattern became generalized, it would become a self-defeating exercise, since more jobs would be lost as a result of further contraction of global aggregate demand.

4. It was thus urgent to take measures to reverse this trend. ILO, in cooperation with other international organizations, was in the process of developing a global jobs pact that would likely include the following strategies: better coordinated collective bargaining and other policy support measures (such as minimum wage policies) to enable average wages in all countries to rise in line with productivity growth; much more employment-intensive stimulus packages that should also contain the strengthening or introduction of social protection measures; better coordination between national efforts in this regard; respect for workers' fundamental rights at work; and special credit and productive capacity support for SMEs.

5. It was noted that the role of the State as a "lender of last resort" had dramatically returned to the mainstream policy agenda, because of the systemic risks posed by a collapse of the banking system. It was urgent to recognize an at least equal role of the State to

introduce automatic stabilizers (social protection) and/or to act as an "employer of last resort" in the face of the systemic risks posed by a collapse of global aggregate demand.

II. Breakout session 2: Least Developed Countries (LDCs) in the crisis: specific challenges and solutions

6. Moderated by the Geneva resource centre of the Consumer Unity and Trust Society, this session reviewed the impact of the crisis on trade, the social sector and growth in LDCs. Participants felt strongly about the impact on LDCs, and pointed out that there was no decoupling of LDCs from the current crisis.

7. Some speakers pointed out that current projections for a rebound in growth were over-optimistic. It was noted that the priority needs for LDCs were the reform of the international financial architecture, the conclusion of a development-oriented outcome of the Doha Round, simplified accession to WTO, and also other policy measures such as Aid for Trade and the Enhanced Integrated Framework. While there was agreement on how these factors negatively affected growth and poverty reduction, there was some disagreement among participants on whether an improvement in the external conditions would lead to improved economic conditions in LDCs once the crisis dampened. In this regard, it was pointed out that one of the reasons was the low resilience to external shocks, which needed to be addressed by fast-disbursing, low-conditionality, grant-based finance.

8. Participants also noted that supply-side constraints in LDCs were severe, and called for investment and trade policies in LDCs to be mainstreamed. There was strong agreement that the current development paradigm marginalized LDCs and needed to be fundamentally reconsidered. One participant highlighted the importance of South–South cooperation in this context. In the same vein, one participant noted that a serious revision of the international financial architecture could only be successful if new institutions were part of the global solution, as the Bretton Woods institutions, especially, lacked credibility.

III. Breakout session 3: The global downturn: Are women disproportionately affected?

9. The session was led by the International Gender and Trade Network/Women's Working Group on Financing for Development, UNCTAD, the International Organization for Migration, and ILO.

10. At the session, speakers assessed and addressed the specific impacts of the crisis on women and explored the policy responses needed to avoid the threat of deepening gender inequalities.

11. It was noted that, as a first step, it was imperative for developed countries to fulfil their commitments to increase ODA without imposing any kind of policy conditionalities, including on the basis of gender. It was also highlighted that the crisis was a major opportunity to make significant structural changes to address global imbalances and gender inequalities.

12. UNCTAD noted that gender mainstreaming in trade policies was crucial, in view of the important role that women play in trade. It was stated that while trade can be an engine for development, it requires a certain set of skills, and when women lack these skills, they mostly move into the informal sector where they are the first to be hit by any crisis. Stimulus packages should address the situation of women, and must provide additional support to sustain women's micro-enterprises. Government lending programmes must be accessible to poor women who have no assets.

13. During the discussion, ILO presented new data showing that the crisis had a clear gender dimension. Reference was made to a global jobs pact, and to the need for long-term and short-term measures. Social protection and social transfers, as well as active labour market policies and social dialogue for all – including a new financial architecture – were all mentioned as viable options.

14. The discussion also looked at the impact of gender in terms of migration, and at remittances from the perspective of the International Organization for Migration. It was pointed out that although the role of women as remittance senders was still under-researched, remittances from women represented substantial percentages of the gross domestic product (GDP) of some countries. The main recommendations concerning migration were as follows: not to turn the crisis into a migration crisis; to recognize that both women and men migrants are part of the solution, not part of the problem; and that migrants – including migrant women – are essential for today's globalized world. There are sectors that depend on migrants, for example health services and care work.

15. Participants stressed strongly that gender equality, women's rights and human rights were clear development issues. It was pointed out that for some United Nations entities, gender equality was not regarded as a development issue but rather as the business of the United Nations Development Fund for Women (UNIFEM), and that achieving development with that kind of thinking would be difficult.

IV. Breakout session 4: Trade/investment agreements and effective crisis responses

16. The session was moderated by Third World Network Africa.

17. Speakers commented that some international investment agreements (IIAs) and free trade agreements (FTAs) could restrict developing countries' ability to deal with the financial crisis, drawing examples from the EPA context, where falling tariff revenues would further limit developing countries' ability to increase spending to boost economic activity. It was pointed out that further challenges would also arise from specific EPA provisions, such as those on "new financial services" (which could increase the financial vulnerability of developing countries), those on the "free transfer of funds" (which could make it difficult to regulate the flow of capital); or those on government procurement.

18. Speakers talked about the growing number of IIAs and FTAs that had been concluded, explaining challenges that some specific IIA provisions (e.g. expropriation) could pose for countries' social and economic policies. The example of South Africa's Black Economic Empowerment policies – currently challenged by a group of Italian investors at a tribunal of the International Centre for Settlement of Investment Disputes – was a case in point.

19. Speakers also pointed to challenges arising from the relationship between bilateral investment treaties (BITs) and FTAs (e.g. as set out in the Caribbean Forum (CARIFORUM) EPA), which would effectively grant investors a double layer of protection.

20. Along similar lines, some speakers noted that provisions in North–South BITs and FTAs were rarely conducive to the long-term economic development of host developing countries, and that South–South agreements and regional integration would present a viable alternative to these "unbalanced" treaties.

21. One speaker highlighted the need for coherence between the international financial and international investment regimes. The issue was exemplified by the case of Iceland,

where questions had arisen about the compatibility between the IMF call for capital controls (in the context of the rescue package) and the country's IIA obligations.

22. Speakers also explained that certain trade liberalization commitments were at the core of the crisis (for example: United States GATS commitments were cited as the reason for revoking the Glass-Steagall Act; GATS commitments would make it difficult to impose certain rules regarding bank branches and subsidiaries etc.).

23. In the debate, a few further IIA-related issues were raised. The point was made that IIAs could also contain provisions that could help to ensure government policy space to deal with the crisis (e.g. balance of payments exceptions; prudential carve-outs; national security exceptions). Reference was made to a forthcoming UNCTAD publication discussing the experience with national security exceptions to IIAs in the context of Argentina's financial crisis.

24. The question was raised whether IIAs might not also have a positive role to play, for example by helping countries to avoid reverting to investment protectionism, and by helping countries to attract FDI flows – an issue of particular importance in light of the current decrease in FDI flows.

25. Questions were also raised about how the Third World Network proposal on a review of all existing FTAs and BITs would work in practice, and how this could be done with a view to ensuring coherence between international financial and investment regimes.

V. Breakout session 5: Financing crisis recovery in developing countries and transition economies: issues related to official development assistance, new contingency funds and conditionality

26. The session was moderated by 11.11.11 Coalition of the Flemish North–South Movement.

27. Speakers discussed in detail the impact of the global financial crisis on developing countries and emerging economies. It was noted that in response to the current crisis, IMF had seen a trebling of its lending resources, from $250 billion to $750 billion, in addition to $250 billion in special drawing rights. Unfortunately, only a very small fraction of these resources would be directed to low-income countries, and very few of these resources could be considered as new or additional to other, pre-existing resources. However, this had breathed new life into IMF, which previously had been seeing a decline in its lending.

28. Speakers also noted that despite recent claims of reform and change, there had been no fundamental change from the orthodox IMF paradigm and there was little room for heterodox policies. Speakers said that while there had been some increases in the flexibility of some of the conditionalities attached to IMF loans, it remained to be seen how this would translate operationally.

29. Mention was also made of IMF policy requirements attached to loans that had been contractionary at a time when the international community, international organizations and civil society had been calling for counter-cyclical measures for developing countries. It was argued that IMF had responded to the current crisis, but that the response had not been the right one. It was pointed out that IMF may argue that most developing countries have constrained fiscal and monetary space that hinders their ability to pursue expansionary policies. However, there was scope for countries to engage in a strong dialogue with the IMF, along with social partners, to find alternative solutions to those initially proposed by IMF.

30. With respect to ODA levels, concern was expressed that the increases in 2008 ODA levels could be attributed to the previous budget cycle, and that prospects for 2009 and 2010 did not look bright. However, if there was the necessary political will, there was much that still could be achieved, as demonstrated by the recent announcement by the United States to increase its aid budget by 9 per cent.

VI. Breakout session 6: Global financial architecture reform, including proposals for a new global reserve system, exchange rate stabilization, and regional financial and monetary initiatives

31. This session was moderated by World Economy, Ecology and Development. Speakers discussed proposals for reform of the international financial architecture, notably to overcome the global imbalances that were the underlying causes of the crisis. Asymmetric adjustments had been imposed on developing countries, which, in turn, had contributed to insufficiency of global aggregate demand. It was noted that since the breakdown of the Bretton Woods system in the 1970s, the current system of flexible exchange rates and reliance on the United States dollar as the de facto global reserve currency had proved not only highly unstable and inequitable, but its inherent deflationary bias had proved to be incompatible with global full employment.

32. It was argued that there was now momentum to create a new international reserve currency – which had already been proposed by John Maynard Keynes at the 1944 Bretton Woods Conference. The new reserve currency (which could evolve through a greatly expanded and more equitable form of SDR allocation) could be used to play a substantial and frequent role in counter-cyclical policies and could help in financial stabilization. A new global reserve system was a key recommendation of the Stiglitz Commission, which presented its findings to the United Nations General Assembly in the run-up to United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development.

33. While a growing number of countries support exploring the transition to a new global reserve system, there is still strong resistance by some of the more powerful actors in the global economy, including financial markets. An “evolutionary approach” that would build on the existing SDR system was thus thought by some speakers to be the most politically realistic way forward. It was also considered important to find ways to build broad popular support, which was a major challenge given the complexity of the problem. It was suggested that the new global reserve system could be explained to the layperson as a sort of “tax” to bring greater equity between surplus and deficit economies.

34. Many participants mentioned new regional arrangements – both in terms of regional financial integration and in terms of setting up alternatives to the Bretton Woods institutions – as being essential building blocks for a complementary “bottom up” approach to reform of the financial architecture. It was mentioned that this could create new policy space for monetary and fiscal policies, and would get rid of the dysfunctional setting whereby countries try to “insure” themselves by hoarding excessive foreign exchange reserves – which is often not the result of a deliberate policy at the country level, but rather the result of the absence of international or regional policy coordination. Speakers felt that further discussion was needed to clarify how these new regional arrangements would differ from the monetary experiment in the European Union and the loss of policy space associated with full monetary unification and the provisions contained in the Maastricht treaty.

35. On issues of the reform of global economic governance, it was stated that the G20 had not pushed an IMF reform agenda, but rather had provided new IMF finance without a credible proposal for fundamental reforms at the Fund. There was much discussion about the usefulness of new IMF instruments such as the recent flexible credit line, but overall, the policy for non-middle-income countries was felt not to have changed at all, as IMF operations requiring pro-cyclical policies were still in place. As a result, one presenter mentioned that developing countries needed to push IMF reform further, in order to make efficient use of the new funding available.

Annex II

[English only]

Programme of the UNCTAD Public Symposium

Monday 18 May 2009

10:00–13:00 **Room XIX**	**Opening** Chair: H. E. Ambassador Dian Triansyah Djani, President, Trade and Development Board, United Nations Conference on Trade and Development (UNCTAD) Mr. Supachai Panitchpakdi, Secretary-General, UNCTAD Mr. Juan Somavia, Director-General, International Labour Organization Mr. Sha Zukang, Under-Secretary-General, United Nations Department of Economic and Social Affairs (DESA) Mr. Anders B. Johnsson, Secretary-General, Inter-Parliamentary Union Mr. Guy Ryder, Secretary-General, International Trade Union Confederation Ms. Céline Charveriat, Head of Geneva office, Oxfam International
Followed by	**Plenary session 1** **The global economic crisis – its causes and its multiple impacts** The debate will consider in particular the effects on developing countries in the areas of trade, investment, food security and jobs.
Moderator	Mr. Debapriya Bhattacharya, Distinguished Fellow, Centre for Policy Dialogue, Dhaka, Bangladesh
Discussants	Ms. Nuria Molina, European Network on Debt and Development; Mr. Vice Yu, South Centre; Mr. Jan Atteslander, Economiesuisse; Ms. Diana Aguiar, International Gender and Trade Network/Women's Working Group on Financing for Development; Mr. Arjun Karki, LDC Watch; Mr. Manzoor Ahmad, Food and Agriculture Organization of the United Nations; and UNCTAD resource persons. **Interactive debate**
14:15–15:45	
Room XIX	**Breakout session 1** **The global jobs crisis: issues related to rising unemployment, wage deflation, implications for global aggregate demand, and the proposal for a global jobs pact** (led by the United Nations Non-Governmental Liaison Service, the Friedrich Ebert Stiftung, ILO and the International Trade Union Confederation)
Room XXVI	**Breakout session 2** **Least developed countries (LDCs) in the crisis: specific challenges and solutions** (led by the Consumer Unity and Trust Society and by Oxfam International)
Room XXVII	**Breakout session 3** **The global downturn: Are women disproportionately affected?** (led by the International Gender and Trade Network/Women's Working Group on Financing for Development, other civil society organizations, UNCTAD, the International Organization for Migration and ILO)

16:00–18:00	**Plenary session 2** **Assessing existing responses to the crisis at international, regional and national levels – limitations, perspectives and best practices** In addition to examining the effectiveness of the stimulus packages implemented in some countries, the debate will address multilateral efforts to find solutions to the crisis – including the outcome of the G20 summit, and regional initiatives and perspectives.
Moderator	Mr. Ernesto S. Martínez Gondra, Minister Plenipotentiary and Deputy Permanent Representative of Argentina in Geneva
Discussants	Ms. Elizabeth Tankeu, African Union, Ethiopia; Mr. José Manuel Salazar-Xirinachs, ILO; Mr. Janwillem C. Acket, Bank Julius Baer; Mr. Rudy de Meyer, 11.11.11 – Coalition of the Flemish North–South Movement; Mr. Peter Wahl, World Economy, Ecology and Development; Mr. Emmanuel Gyekye Tanoh, Third World Network–Africa; Mr. Carlos Benavente (LATINDAD network, Nicaragua) and Mr. Mustafizur Rahman (Centre for Policy Dialogue, Bangladesh). **Interactive debate**

Tuesday 19 May 2009

10:00–13:00 **Room XIX**	**Plenary session 3** **Proposals for the way forward – obstacles and opportunities** The debate will include opportunities arising from the upcoming United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development, and longer-term issues such as reform of the international financial architecture and global economic governance.
Moderator	Mr. Martin Khor, Executive Director, South Centre
Discussants	Mr. Jomo Kwame Sundaram, Assistant Secretary-General, DESA; Mr. Pedro Páez, member of the Stiglitz Commission and former Ecuadorian Minister of Economic Coordination; Ms. Esperanza Durán, Agency for International Trade Information and Cooperation; Ms. Jacqueline Coté, International Chamber of Commerce; Ms. Joy Kategekwa, Oxfam International; Mr. Christophe Aguiton, Association for the Taxation of Financial Transactions to Aid Citizens; Ms. Marina Durano, Development Alternatives with Women for a New Era; Ms. Sanya Reid-Smith, Third World Network-Geneva; Mr. Stephen Pursey, ILO; and UNCTAD resource persons. **Interactive debate**
14:15–15:45	**Breakout session 4:**
Room XIX	**Trade/investment agreements and effective crisis responses** (led by Third World Network)
Room XXVI	**Breakout session 5:** **Financing crisis recovery in developing countries and transition economies: issues related to official development assistance, new contingency funds and conditionality** (led by the European Network on Debt and Development and by UNCTAD)
Room XXVII	**Breakout session 6:** **Global financial architecture reform, including proposals for a new global reserve system, exchange rate stabilization and regional financial and monetary initiatives** (led by UNCTAD and the United Nations Non-Governmental Liaison Service; World Economy, Ecology and Development; and Development Alternatives with Women for a New Era)

16:00–17:30	**Closing plenary session: Next steps** Chair: H. E. Ambassador Dian Triansyah Djani, President, UNCTAD Trade and Development Board
Moderators of plenaries	Mr. Debapriya Bhattacharya, Distinguished Fellow, Centre for Policy Dialogue, Dhaka, Bangladesh Mr. Ernesto S. Martínez Gondra, Minister Plenipotentiary and Deputy Permanent Representative of Argentina in Geneva; Mr. Martin Khor, Executive Director, South Centre **Final reflections from civil society representatives** Mr. Supachai Panitchpakdi, Secretary-General, UNCTAD **Closing remarks:** H. E. Ambassador Dian Triansyah Djani, President, UNCTAD Trade and Development Board

Annex III

[English only]

Programme of the six breakout sessions

Monday 18 May 2009

14:15–15:45 **Room XIX** **Moderator**	**1. The global jobs crisis: issues related to rising unemployment, wage deflation, implications for global aggregate demand, and the proposal for a global jobs pact** - Hamish Jenkins, United Nations Non-Governmental Liaison Service
Discussants	- Guy Ryder, Secretary-General, International Trade Union Confederation - Duncan Campbell, Director, Economic and Labour Market Analysis Department, ILO - Sangheon Lee, Senior Researcher, Labour Protection Department, ILO - Heiner Flassbeck, Director, Division on Globalization and Development Strategies, UNCTAD - Ludek Rychly, Social Dialogue Sector, ILO Interactive discussion

Room XXVI **Moderator**	**2. Least Developed Countries (LDCs) in the crisis: specific challenges and solutions** - Atul Kaushik, Director, Geneva resource centre of the Consumer Unity and Trust Society
Keynote speaker	- H.E. Matern Y. C. Lumbanga, Ambassador and Permanent Representative of the United Republic of Tanzania to the United Nations and other international organizations in Geneva (coordinator of LDC Group in Geneva)
Presentations by	- Charles Gore, Special Coordinator for Cross-Sectoral Issues, Division for Africa, LDCs and Special Programmes, UNCTAD - Duncan Green, Head of Research, Oxfam, United Kingdom
Discussant	- Demba Moussa Dembele, Africaine de Recherche et de Coopération pour l'Appui au Development Endogène, and Chair of LDC Watch Discussion and comments from the floor

Room XXVII **Moderator**	**3. The global downturn: Are women disproportionately affected?** - Diana Aguiar, International Gender and Trade Network, and member of the Women's Working Group on Financing for Development
Introductory remarks	- Anne Schoenstein, Association for Women's Rights in Development/ Women's Working Group on Financing for Development
Discussants	- Simonetta Zarrilli, Legal Officer, Division on International Trade and Commodities, UNCTAD - Jane Hodges, Director, Bureau for Gender Equality, ILO - Christine Aghazarm, Research and Publications Unit, International Organization for Migration - Blandine Mollard, Gender Unit, IOM Interactive discussion

Tuesday 19 May 2009

14:15–15:45 **Room XIX** **Moderator** **Discussants**	**4. Trade/investment agreements and effective crisis response** - Emannuel Gyekye Tanoh, Team Leader, Political Economy Unit, Third World Network–Africa - Offah Obale, South Centre - Sanya Reid Smith, Legal Advisor, Third World Network Interactive discussion
Room XXVI **Moderator** **Presentation by** **Discussants**	**5. Financing crisis recovery in developing countries and transition economies: issues related to official development assistance, new contingency funds and conditionality** - Rudy de Meyer, Head of Policy Department, 11.11.11 – Coalition of the Flemish North–South Movement - Nuria Molina, Policy and Advocacy Officer, European Network on Debt and Development - Yuefen Li, Head , Debt and Development Finance Branch, Division on Globalization and Development Strategies, UNCTAD - Robert Kyloh, Policy Integration and Statistics Department, ILO Interactive discussion
Room XXVII **Moderator** **Presentations by** **Discussants**	**6. Global financial architecture reform, including proposals for a new global reserve system, exchange rate stabilization and regional financial and monetary initiatives** - Peter Wahl, World Economy, Ecology and Development - Pedro Páez, Member of the Stiglitz Commission, former Ecuadorian Minister of Economic Coordination - Jomo Kwame Sundaram, Assistant Secretary-General, DESA - Marina Durano, Development Alternatives with Women for a New Era - Carlos Benavente, LATINDAD network - Detlef Kotte, Globalization and Development Strategies Department, UNCTAD Interactive discussion