



# UNCTAD XIII

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

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# HIGH-LEVEL SEGMENT

## IN THE WAKE OF THE GLOBAL ECONOMIC CRISIS: NEW OPPORTUNITIES FOR ECONOMIC GROWTH WITH SOCIAL EQUITY

21 APRIL 2012, 5.30 p.m. – 8 p.m.

### BACKGROUND

The global economy has undergone momentous changes since the financial crisis which erupted in 2008. In many regions, including the Arab world, popular movements have challenged existing modes of governance which could not fulfil the development aspirations of peoples and have given rise to massive social and economic inequities.

Wherever it has taken place, the acceleration of the pace of political change has created a degree of disruption and economic uncertainty, including falls in government revenue, rising balance of payments difficulties and external debt liabilities and a drop in investor confidence. But it has also provided an opportunity to revisit inappropriate economic policy choices made in many developing countries over past decades. The calls have been growing for a new economic direction which prioritizes the alleviation poverty, generating more and better jobs, improving social protection, ensuring access to basic commodities at affordable prices and establishing a more equitable distribution of national income.

Departing from “business as usual” is a challenge that is not confined to the Arab region or, indeed, the developing countries. In Europe and other parts of the developed world, the global financial and economic crisis has exposed the frailty of sovereign economies whose indebtedness, both private and public, has left them vulnerable to unpredictable market sentiments. This has prompted a wave of political and social unrest amidst dampened growth and recovery prospects and rising frustration at the growing disparities in income and wealth. A possible “lost decade” in these countries, and even a “lost generation” denied the employment opportunities taken for granted by previous generations, highlight the urgent need for new growth models, with a greater emphasis on inclusiveness and sustainability, even in the most advanced economies.

For policymakers in countries facing similar pressures, this is an opportune moment to renew the social contract between the State and citizens in the light of twenty-first century globalization. Neglected public institutions need to be rebuilt with popular assent so they can lead the process of reshaping economic governance. The development policy challenge, for all countries, is to take advantage of the opportunities offered by political transformation to assess the lessons of past failures, to consider what can be learnt from success stories and to identify feasible alternative paths to equitable development.

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Such a stock-taking can help bring about a re-assignment of economic policies for sustained growth in ways that trigger a virtuous circle of investment, productivity, employment and income growth. Outcomes will depend on a mixture of macroeconomic and structural changes with governments – even in the early stages of transformation – adopting a range of fiscal, monetary, income, sectoral and labour policy instruments to boost employment and spur growth.

Social equity calls for complementary policies to bolster the relative and absolute real incomes of the vast majority of the population and to empower public institutions to create new national development path. These criteria are essential to a successful recovery and to maintaining the social contract to promote economic and social justice which will be vital to ensure lasting stability.

In our interdependent world, home-grown responses are not enough and regional and multilateral arrangements are needed to bring about more sustainable and inclusive outcomes. The Arab region has, in particular, lagged behind in terms of regional economic arrangements. Taking a fresh look at the development policy agenda can provide an opportunity to look again at how regional solutions can help to bring about more sustainable and inclusive outcomes.

## PURPOSE

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This event will bring together a number of government leaders from around the world, including the Arab region, to discuss how economic and social forces can be harnessed in a time of political transformation to forge a new development agenda. Panellists will debate ways in which governments can make the most of the recent crises to bring about an economic transformation with growth and equity at its heart that sets countries on paths to sustainable and inclusive development.

## OUTCOME

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A thematic summary of the deliberations will be prepared by the UNCTAD secretariat as part of the report of the Conference. The meeting will be webcast with excerpts posted on the UNCTAD website and available to download as podcasts.

## ORGANIZATION

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The High-Level Segment is conducted as an interactive dialogue where the issues will be examined from the perspective of Heads of State and Government, while the discussion will also be opened up to questions and comments by delegates.

## DOCUMENTS

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Issues Note by the UNCTAD secretariat (TD/454, forthcoming, February 2012).

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[unctadxiii@unctad.org](mailto:unctadxiii@unctad.org)

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### CONTACT:

**Ms. Marisa Henderson**, Economic Affairs Officer, Office of the Secretary-General  
**Mr. Raja Khalidi**, Chief, Office of the Director, Division on Globalization and Development Strategies

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