Concluding Statement by
Jomo Kwame Sundaram at the Workshop On
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I would first like to thank the organizers, the Financing for Development Office, especially Benu Schneider for the fine job of putting all this together. A special word of thanks to all the partners involved: Commonwealth Secretariat, Commonwealth Business Council, for your work and cooperation in this matter.

As you know, the General Assembly has decided to have a follow-up conference to Monterrey towards the end of next year. This offers a very important opportunity to revisit and build on The Monterrey Consensus. Monterrey, in retrospect, represented an important point of departure from what might be termed the "Washington Consensus".

But to continue to be meaningful and relevant, this should be an ongoing process. We cannot just stop in 2002, or we will be quickly overtaken by events and new developments, especially in the very innovative field of finance.

This then is the time for us to look ahead as to how we might revisit old issues developmefw5 problems is extremely important for restoring fiscal space and government capacity to act developmentally and equitably.

Another challenge is how we move from what has been a vicious cycle into a more virtuous cycle involving growth and the creation of employment. Here, there are at least two issues:

In the last half decade, there has been more growth in many developing countries, but this has had very little to do with preceding economic reforms. We have to better understand what made this recent growth possible, including higher commodity prices as well as lower interest rates, and how to sustain it.

But on the downside, we must also recognize that recent growth has not been accompanied by commensurate improvements in employment. We all know there can be no sustainable reduction of poverty without employment expansion. There is recent attention in ECOSOC and the ILO to the employment implications of recent economic growth, but we need to give this much more attention.

A second area where the debate has settled significantly in recent years is trade. There is now general agreement, including World Bank research, that further trade liberalization offers very modest, one-shot output gains, mainly for the few leading agricultural and manufacturing exporters, with adverse consequences for others including the reduction, if not the elimination of existing productive capacities in manufacturing as well as agriculture. The implications for poverty reduction are even more dire. For countries just beginning to develop, to industrialize, to develop productive capacity, premature trade liberalization will reverse the developmental process.

Recently, there has been a great deal of interest in Aid for Trade. But there is a real danger that AFT will be diversionary by diverting funds which might otherwise go for other purposes and allocating them specifically for AFT. Given the recent track record of aid flows, in contrast to rhetoric, this is something we should especially be vigilant about.

The aid for trade discussion has involved unprecedented recognition of three important issues for which developing countries need compenzation and assistance. Serious trade economists have long recognized the need to compensate and make provisions for those who will be adversely affected by trade liberalization. For example, the beginning of the Kennedy round in the 1960s required a deal between US business, government and labour -- to ensure that trade liberalization would not adversely affect organized labour in the USA -- negotiated between the new US President Jack Kennedy and the AFL-CIO chief George Meany. We now have to think about such deals at the global level and what this implies in the present period especially for developing countries who do not have the means to make such compensatory payments to losers.

For many of the poorest countries, tariff incomes have been the most significant source of tax revenue. The tremendous collapse in tariff revenue and productive as well as export capacity due to trade liberalization have to be compensated. Compenzation for loss of tariff revenues and reduced production capacities as well as productive employment opportunities have to be made for past and future trade liberalization.

The third element arising from the aid for trade discussions may be seen as more developmental. The development of new capacities and capabilities requires a fairly long gestation period in most instances and usually needs facilities and incentives to induce private investments including public infrastructure as well as social services to improve the quality of human resources.

to 4.3 per cent. When the Fund was created in 1944, it had 44 members, who shared 11.3 per cent of the total vote in the form of basic votes. And now that there are 184 members, you would think that they might quadruple the share of the basic vote is, but instead, we have a diminution to 2.2 per cent! Hence, the developing countries have been unable to improve their lot because of their very weak voice in the Fund and the Bank. Only the international community can exercise moral suasion to fundamentally change this incredible inequity at the beginning of the 21st century.

Another proposal in this context is to promote regional monetary and financial cooperation. Some of the more exuberant hopes in 1997-1998, e.g. the idea of an Asian Monetary Fund, are now considered non-starters. But that does not mean we should be content with the modest Chiang Mai compromise, with its almost dysfunctional arrangements. We really need to think more boldly about alternative financial initiatives at the regional level, and there is much we can learn from each other, not only from the European experience, but also from other regional experiences in the developing world.

Lastly, two years ago, at the end of 2005, the heads of states at the United Nations made a commitment to support National Development Strategies to achieve the internationally agreed development goals, including the MDGs. That was a very important commitment, reinforcing and updating the Millennium Declaration of 2000. President Bush came to the meeting saying he felt humbled that from 9/11 to Hurricane Katrina, it had been the international community that had consistently rallied to America's aid at its moments of need. Perhaps mid-September 2005 was a very special and exceptional moment, but President Bush signed on to these commitments. It is a very unusual commitment which broadens the scope of what was achieved by UNCTAD 11 in Sao Paulothe ini61P -0.023al0.045 Tc42 -0.03 Tc -0.(tates a0 Tj 88.08 0 TD -0.02