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JOINT REMARKS TO THE 44TH SESSION OF THE COMMISSION FOR SOCIAL DEVELOPMENT

**New York
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The **International Chamber of Commerce** and the **International Organization of Employers** reaffirm their support for the overriding goal of poverty eradication that prevails in the global business community. Business is and will remain deeply and constructively engaged in this international effort. Our remarks today have five main points that we would like to stress in this discussion.

The first point is that the private sector has an essential role in economic development and employment creation. The private sector can reduce poverty by contributing to economic growth, job creation, and improved living standards. A competitive private sector can also alleviate poverty by providing goods and services at lower prices. Small and medium-sized companies, the self-employed and individual entrepreneurs are consistently the best sources of employment creation, providing the means for millions to move out of poverty. Promoting entrepreneurship and facilitating small business development should thus be a priority in poverty reduction policies.

The second point is that economic growth is the most effective means to reduce poverty. An extensive World Bank study on economic growth and poverty, "*Growth Is Good for the Poor*" (2000), clearly demonstrated that growth benefits the poor as much as it benefits other income groups. To put it another way: Income of the poor rises one-for-one with overall growth. A related point is that there is a direct correlation between trade liberalization and higher economic growth: trade goes hand in hand with faster growth. Critically, the poor also benefit from trade: the same World Bank study found that openness to foreign trade benefits the poor to the same extent that it benefits the overall economy.

The third point is that national governments have a critical role in establishing the necessary legal and regulatory environment for economic growth and job creation. As stated in its report to the Secretary-General, the Commission on the Private Sector and Development concluded that "the primary responsibility for achieving growth and equitable development" lies with national governments and their role in creating the necessary conditions for growth and development. As noted in the 60th General Assembly resolution on "Implementation of the First Decade for Poverty Eradication", these conditions include peace and security, solid democratic institutions, the rule of law, respect for human rights, sound economic policies, improved public infrastructure, and, importantly, the protection of property rights.

Experience from the past two decades has shown clearly that the two key determinants of national growth and development are: 1) domestic policies and 2) international integration. Countries that have instituted domestic reforms and that are relatively more integrated in the global economy have achieved higher economic growth and reduced poverty more than those that have not. This is illustrated by the experiences of China, India, Uganda, and Vietnam, all of which have significantly increased growth and reduced poverty.

The fourth point is that national efforts for poverty reduction should focus on the policy reforms necessary to establish an attractive domestic investment environment, remove regulatory barriers to growth and job creation, and to integrate national economies into the global economy. The World Bank's "Doing Business" indicators are an excellent reference in this regard, detailing the many areas where national policies and regulations make it more difficult for private enterprises – small, medium and large – to operate in some countries. To the extent that this Commission encourages national governments to set "time-bound goals and targets", we strongly believe those targets should address these types of reforms rather than more general employment goals that are of questionable value and do not focus action on those national policies that are the underlying problem.

The fifth point is to note that, while there is still far to go, much progress has been achieved. Estimates of the world population living in extreme poverty have fallen from over 50% of the world population in 1950 to 28% in 1990 to about 20% today. It should also be noted that this progress was made during a period of rapid globalization in many parts of the world – with those countries. And while there remains large differences in income levels among countries, reflecting the different levels of growth over the past decades, the distribution of income within countries has, on average, remained stable or slightly improved.

On a final note, we strongly believe that marginalized groups must be afforded equal opportunities as a central element of any poverty reduction strategy. ICC and IOE have long stressed the importance of providing equal opportunities for all sectors of society, including opportunities for an education, health care, jobs, capital generation, property rights or any of the other basic building blocks needed to equip individuals to be productive members of society and to generate wealth.

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The **International Chamber of Commerce** (ICC) was founded in 1919 to promote entrepreneurship and cross-border trade and investment. ICC is the voice of world business championing the global economy as a force for economic growth, job creation and prosperity. ICC activities cover a broad spectrum, from arbitration and dispute resolution to making the case for open trade and investment, the market economy system, business self-regulation, fighting corruption or combating commercial crime.

The **International Organization of Employers** (IOE) was founded in 1920 to represent business interests in labor, employment and social policy. The IOE works to ensure that international labor and social policy promotes the viability of enterprises and creates an environment favorable to enterprise development and job creation. The IOE represents its 144 national members in the Employers' Group in the International Labor Organization.