Open Working Group on Sustainable Development Goals
V Meeting – Sustainable and inclusive Growth
Statement by Brazil and Nicarágua

SUSTAINABLE AND INCLUSIVE GROWTH

Five years after the onset of the global financial crisis it is still unclear whether the few signs of recovery will coalesce into a sustainable trend. Global growth remains weak and unemployment unacceptably high in many countries

Poverty eradication and sustainable development can only be achieved through economic growth with social inclusion. It is essential that we recognize that economic growth does not automatically and by itself lead to job creation and inclusiveness. It is essential, therefore, to develop growth strategies based on social and macroeconomic policies specifically aimed at and capable of creating jobs and distributing the benefits of growth throughout our societies.

While recognizing that development is primarily a national endeavor and responsibility, we must also acknowledge the role that enabling international conditions and factors play. Restoring growth to the world economy is the collective responsibility of the international community.

A sustainable and balanced recovery will require remodeling the relationship between fiscal and monetary policies while tackling imbalances and gaps in global governance structures, particularly with regard to the international financial institutions. This would create an enabling environment for sustained and inclusive growth and for the post-2015 development agenda.

Our immediate focus should be on creating the conditions for the strengthening of global demand. Finding the appropriate mix of fiscal adjustment and stimulus measures, in both developed and developing countries, is key.

In our view, it is possible to strike a more appropriate balance between the need for stronger demand in the near term and of a solid fiscal situation over the medium-term.

Countries - especially developed countries, - should prioritize short-term stimulus measures. The increase in public investment, particularly on infrastructure, combined with measures to stimulate the private investment may the best way to promote the global recovery.

Keeping the focus on resumption of growth and job creation is central. Sound macroeconomic and fiscal policies must be reinforced by strong social protection programs. In addition to their intrinsic value, these programmes are a critical tool for stimulating aggregate demand.

As we become increasingly aware of the importance of integrating distributive considerations in the international development agenda, absent in any explicit way from the MDG framework, social protection and solidarity stand out as key area for attention. Achieving inclusive growth will also require enhancing access to education, not only primary and secondary education, but also adult literacy and professional and vocational training and the prioritization of technical skills training.

In addition, developed countries, especially those that are issuers of international reserve currencies, must recognize and take into account the spill-over effects of their monetary policy decisions, especially on the developing country nations. These measures can and do have impacts on developing country efforts to eradicate poverty and promote sustainable development.

Capital control and macro-prudential measures must be taken into consideration and regarded as effective and legitimate tools in avoiding excessive volatility of capital flows originating from unconventional monetary policies of developed countries.

Reforming the Bretton Woods institutions is an important aspect of moving towards more legitimate and effective global economic governance. Developing countries should be adequately represented in order to achieve a stronger global financial safety net and to mobilize new and additional recourses for the promotion of a sustainable economic path for debt ridden countries.

While Sustainable Development Goals (SDGs) will require a more varied source of financing, Official Development Assistance will continue to be critical for actions towards the eradication of poverty and hunger. We note with serious concern the overall reduction of ODA levels for the second consecutive year and reiterate the call for full implementation of their international commitments on development assistance.

Financing for long term investment, with particular focus on infrastructure, is an important element for strong, sustainable and balanced growth. We strongly support the current work being done in this regard. Enhancing infrastructure investment can contribute significantly to strengthening the global recovery and promoting rebalancing.

We also need appropriate economic tools to channel capital inflows to the productive sector. In this context, Brazil has created new financial instruments, such as the infrastructure bonds, with a view to channeling private investments to the infrastructure sector.

We agree with the view that that more needs to be done to address the issues of international tax avoidance and evasion, with a particular focus on tax havens and non-cooperative jurisdictions. We equally endorse initiatives that allow automatic exchange of information between tax administrations from different countries.