



**Asia-Pacific Must Increase Social Spending to Turn Rebound into Recovery**  
*UN Report proposes path to lift millions out of poverty and build a stronger regional economy*

BANGKOK (UN ESCAP Information Services) -- A United Nations report released today urges governments in the Asia-Pacific region to increase social spending to consolidate the region's stronger than anticipated economic rebound and to spur over the long term a fairer, more balanced, and sustained economic recovery.

"Governments must embrace this opportunity to secure the gains of the economic rebound by investing in social programs that directly benefit people hardest hit by the crisis, act to reduce poverty, and create a more sustainable economy," said Noeleen Heyzer, UN Under-Secretary-General and Executive Secretary of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP). "

The *Economic and Social Survey of Asia and the Pacific 2010*, an annual publication of ESCAP provides the governments of the Asia-Pacific region - representing 62 per cent of the world's population - a roadmap towards a more inclusive and sustainable development path.

According to the *Survey*, even at the height of this crisis, Asia and the Pacific was still the fastest-growing region in the world, supported in large part by fiscal stimulus packages adopted by the region's biggest economies. The *Survey* finds the outlook for 2010 has improved significantly, with Asia-Pacific region developing economies forecast to grow by 7 per cent, led by China (9.5) and India (8.3).

However, rising inflationary pressures, especially of food products, and asset price bubbles, in a number of countries make 2010 a complex year for policy makers who will have to balance sustaining the momentum of growth with financial stability. While monetary tightening may be necessary to restrain inflationary pressures, policy makers must be cautious about withdrawing fiscal stimulus packages lest the fledgling recovery process is disrupted.

The *Survey* also recommends the use of capital controls to moderate short-term capital inflows - the result of a massive expansion of liquidity in western countries - which has created asset bubbles, inflationary pressures and exchange rate increases in the region's developing economies.

"We know from experience following the 1997 Asian Financial Crisis that it may be years before the poorest people are able to recover from the past two year's global crisis;

*Headquartered in Bangkok, ESCAP is the largest of the UN's five Regional Commissions in terms of its membership, population served and area covered. The only intergovernmental forum covering the entire Asia-Pacific region, ESCAP works to promote sustainable and inclusive economic and social progress. More information is available at [www.unescap.org](http://www.unescap.org).*

governments need to maintain programmes to help people recover their assets and livelihoods,” continued Dr Heyzer.

According to the *Survey*, a sustained, long term development for all economies within the region will have to rely on creating new engines of growth by rebalancing the region with greater regional consumption through increased intra-regional trade, accelerating the development of an Asia-Pacific consumer market.

“This is the moment when the Asia-Pacific region can assure the long term benefits of the recovery by creating a sustainable, interconnected, greener, regional economy, while reducing the social and economic disparities which left it vulnerable to such crisis,” said Dr Heyzer. “The region has the opportunity to strengthen its economy, its environment, its society, and better connect itself.”

The *Survey* promotes a number of regional policy recommendations for inclusive and sustainable growth, such as strengthening social protection and enhancing financial inclusion.

Increased social spending directly supports income security for households by providing food security, education and access to health care, reducing the need by poorer families to maintain precautionary savings to protect against adversity. These families are then able to contribute more to local economies and invest more in their own development.

“The region has close to one billion people living in poverty at this very moment. The more people we lift out of poverty today the larger consumer class and developed markets we create for the future,” noted Dr Heyzer.

Also, as the majority of the region’s poor live in rural areas deriving their income from agriculture, and will benefit from agricultural growth, the *Survey* recommends continued support for crop and rural development, urging a new, knowledge-intensive Green Revolution to make agriculture more environmentally resilient. Countries can also increase the development value of the agricultural sector by making it more socially inclusive: returning ownership of land and resources to farmers, especially women, and economically empowering the poor.

The *Survey* recommends that Asia and the Pacific should increase efforts to create a more integrated and sustained regional market benefiting both national economies and a larger consumer class. Until now the region has been better connected through trade patterns with Europe and North America than it has been with itself. The *Survey* identifies a number of priorities - enhancing regional economic integration and integrated trade and transport policies, development of a regional financial architecture - that can lay the foundations for a more inclusive, interconnected and sustainable path of development for the region.

The *Survey* - launched today in over 22 cities across the region and in New York and Geneva - is available online at: <http://www.unescap.org/survey2010>.

For more information, please contact:

Mr. Bentley Jenson UN Information Services (UNIS), ESCAP Tel.: (66) 2 288 1869 Email: <a href="mailto:jenson@un.org">jenson@un.org</a> and <a href="mailto:unisbkk.unescap@un.org">unisbkk.unescap@un.org</a>	Dr. Nagesh Kumar Chief Economist and Director, Macroeconomic Policy and Development Division, ESCAP Tel.: (66) 2 288 1637 Email: <a href="mailto:nkumar@un.org">nkumar@un.org</a>
--	--