SUSTAINABLE DEVELOPMENT IN LATIN AMERICA AND THE CARIBBEAN

Follow-up to the United Nations development agenda beyond 2015 and to Rio+20

EQUALITY AND SOCIAL INCLUSION

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The critical role of the regional space

- Complementarities between global and regional institutions, in a heterogeneous international community
- Protection of the weaker players
- A greater sense of belonging to regional and subregional institutions
- With interdependence, autonomy shifts to the sub-regional and regional levels
- Provision of public goods through a network of global and regional institutions
- Deeper integration ...... but this means overcoming the tendency of the global order to cause disintegration
Critical boundaries of our development model

- Trade and consumption is declining
- Fiscal deficits while spending/investment and taxation should become more progressive
- Fiscal balances achieved by extractive non-renewable resources (patrimony to finance current expenditures)
- End of supercycle of commodity prices while production structure has not changed: re-primarization
- Informal-formal jobs in low-productivity sectors-low wages
- Insufficient and inadequate investment in connectivity and technological innovation
- Social progress reached a plateau in its recent progress
- Demographic transition: impact on social security
- Urbanization with segregation and lack of public safety
- Climate change/vulnerability/risks related to disasters
Key dimensions for global inclusion from LAC perspective

• Common but differentiated responsibilities
• Leave no-one behind: SIDs, MICs, LDCs
• Securing financial stability and closing acute asymmetries in the global financial architecture
• Real technology transfer to developing countries
• Fair trade, market access, protectionism via subsidies
• Investment flows: greenfield with sustainability and equality vs. speculative/real assets vs. financial assets
• Prior and informed consent versus foreign investment in extractive sectors without consultation or transparency
• Inequality: income and functional distribution
Regional perspective of Post 2015 agenda

- Fulfillment of MDGs: necessary but *not sufficient*
- From basic needs to closing *structural* gaps
- Move from national-developing-countries-oriented targets to *universal* objectives, with revived metrics
- *Equality, sustainability and productivity* at the center
- The post-2015 development agenda requires a *global financing and technology transfer covenant*
- Concepts with a long-term, *rights-based* approach
- The goal: more *resilient, self-sufficient, secure and balanced* economies
- Sustained *shared prosperity*
- *Transparent, accountable global governance*; rule of law
- *Decolonizing* the Post 2015 agenda
Equality as an ethical principle and ultimate goal of development

- Broadening the concept of equality to encompass autonomy, recognition, dignity.
- All individuals must be recognized as equal in rights –civil and political- and dignity –equality with rights-based approach
- Concept goes beyond distributive fairness in terms of income, assets and resources
- Considers other dimensions: capabilities, social protection and access to public goods
- New development paradigm: growth for equality and equality as a driver of growth
- Requires different public policies and new multi-dimensional measures in order to address these challenges
Inclusion for closing structural gaps

- **Inclusion** is the process for achieving equality.
- Inclusion as a process for closing gaps on **productivity, capabilities (education) and employment /job segmentation/informality** which constitute the main causes of inequality
- Requires new equilibrium between State-Market-Society to ensure **redistributive policies**
- Ensure **public access** to financing, technology and innovation
- **Universal access** to a basic floor of social protection: health, social protection, pensions,
- **Respect and dignity**: Identity and discrimination: gender and generation, ethnic and generation
Synergies between equality and inclusion

Economic inclusion: structural change + industrialization
• Productivity gaps: full employment opportunities
• Decent jobs: income/functional distribution, fair wages
• Investment gaps: infrastructure, roads, energy,
• Access to assets, goods + services, full employment opportunities and universal social protection, technology inclusion
• Capabilities gaps: education, science and technology inclusion

Social inclusion: universal access to social protection
• Progressive compliance and fulfillment of rights,
• Attain critical aspirations of society: safety, health and a prosperous society within the planetary boundaries
• Poverty eradication, food security/nutrition, health + well-being

Environmental inclusion: access to public goods
• Re-distribution of rents and productive gains from extraction of natural resources, quality of life for all, global public goods
Key gaps to be closed with inclusive policies: some examples

- **Fiscal**: low and regressive taxation
- **Capabilities**: levels and quality of education, access to science and technology
- **Digital inclusion**: Information and communication technology use is five times as great in the highest-income quintile as in the lowest-income quintile.
- **Segregation**: gender, areas of residence, school segregation, health, transport
- **Productivity**: internal and external
- **Insufficient investment**
- **Connectivity**: infrastructure, public and private goods
- **Financial exclusion**
- **Unsustainable patterns of consumption w/planetary boundaies**
Latin America and the Caribbean is a middle-income region: 85% of countries belong to this category—80% of the poor only.

**PERCENTAGE OF COUNTRIES FROM EACH REGION CLASSIFIED AS MIDDLE-INCOME**

Only five of all 33 countries in the region are not classified as middle-income: 1 is low-income and 4 are high-income.

**Fuente:** Comisión Económica para América Latina y el Caribe (CEPAL), sobre la base de la última clasificación disponible del Banco Mundial
Latin America and the Caribbean: progress achieved on MDGs

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of CEPALSTAT and special tabulations of data from household surveys conducted in the respective countries.
Poverty rates have decreased but asymmetrically among and within countries/ the region: most unequal of the world

**LATIN AMERICA: POVERTY AND INDIGENCE, 1980-2012**

*Percentages*

- 1980: 40.6
- 1990: 48.4
- 1999: 43.8
- 2002: 43.9
- 2009: 32.8
- 2010: 31.0
- 2011: 29.4
- 2012: 28.8

**LATIN AMERICA AND OTHER REGIONS OF THE WORLD: GINI CONCENTRATION COEFFICIENT, AROUND 2009**

- Latin America and the Caribbean (18): 0.52
- Sub-Saharan Africa (37): 0.44
- East Asia and the Pacific (10): 0.41
- North Africa and Middle East (9): 0.38
- South Asia (8): 0.38
- Eastern Europe and Central Asia (21): 0.35
- OECD (20): 0.33

IDH medio bajo y bajo: Bolivia (Estado Plurinacional de), Guatemala, Honduras y Nicaragua.
IDH medio: Colombia, El Salvador, Paraguay y República Dominicana.
IDH medio alto: Brasil, Ecuador, Panamá, Perú y Venezuela (República Bolivariana de).
IDH alto: Argentina, Chile, Costa Rica, México y Uruguay.
The most equal societies are those with the highest productivity and access to social universal policies.

**Source:** Standardized World Income Inequality Database, version 4.0, September 2013; World Development Indicators, World Bank; STAN Database, OECD; and ECLAC.
Structural change for equality: decent jobs are the master key

LATIN AMERICA (18 COUNTRIES): STRUCTURAL HETEROGENEITY INDICATORS, AROUND 2009
(Percentages)

LATIN AMERICA (18 COUNTRIES): GDP PER WORKER, AROUND 2009
(In thousand dollars)

Capacities: the link education - employment reproduces and perpetuates social inequalities and poverty

LATIN AMERICA (18 COUNTRIES): MONTHLY LABOUR INCOME OF THE EMPLOYED POPULATION, BY AGE GROUP AND LEVEL OF SCHOOLING
(Dollars at 2000 prices, PPP)
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.
Autonomy: a third of women cannot generate adequate income and are dependent on others

**LATIN AMERICA (16 COUNTRIES): WOMEN WITH NO INCOME OF THEIR OWN, BY AREA, 2011**
(Percentages aged 15 and over and not studying)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), calculations based on special tabulations of household surveys.
Attendance at public or private school is clearly differentiated by socioeconomic level

LATIN AMERICA: ATTENDANCE AT PUBLIC OR PRIVATE EDUCATIONAL ESTABLISHMENTS BY INCOME DECILE, CHILDREN AGED 4 TO 18 YEARS, 2011

Source: ECLAC, on the basis of income and expenditure surveys conducted in each country.
Financial inclusion or indebtedness growth: private consumption and credit

• Access to credit can enable useful outcomes (by “smoothing” the consumption trend), but at certain levels and rates of interest households can fall into debt “traps”.

• Despite growth in credit to households, overindebtedness is not apparent in the countries with information available.
Economic growth and environmental sustainability: an unsolved equation

- **Patterns of consumption** reflect the model of development adopted in the region
- Consumption expanded through different social strata, fueled by higher income and access to credit
- Increasing preference towards private goods versus the insufficiency in quantity and poor quality of public goods
- Expansion of consumption resulted in:
  - Private aspirations versus societal requirements (public transportation)
  - High social segmentation
  - Increasing consumption of imported goods
  - The generation of negative energy and environmental externalities that affect mainly the consumption of future generations.
Ensuring sustainability: the road ahead

1. **Structural change** for equality and environmental sustainability
2. **Well being** of society: universal access to education, health, nutrition and capabilities to absorb technical progress
3. **Ecosystemic approaches** to land, water and marine management
4. **Natural resources governance**, respecting sovereign rights
5. **Policy and institutions matter**: regulation, taxation
6. **Global governance for fair trade, technology transfer and financial reform** including new financing mechanisms
7. Build **regional density** and promote South-South cooperation and social participation
8. **Better measuring** is required: GDP+, national accounts that reflect actual production costs
9. **Access to information**, participation and justice: independent monitoring
10. **Cities** as a macro public good: locus for equality and inclusion
A central role for the State and politics

- An integrated approach to long-term development that brings together the economic, social and environmental dimensions requires engaged, committed and coordinated actors.
- A robust and efficient institutional framework to promote, select, regulate and finance the path towards structural change.
- A stronger role for the State and politics is key to building the political will to achieve structural change for equality.
- Broad social agreements (pactos para la igualdad) for building fiscal covenants
Need for new indicators on inclusion

- Indicators beyond GDP and poverty (patrimonial accounts GDP+)
- Ecosystemic approaches: land, water, and ocean management
- Gini coefficient to measure different disparities (income, education, segregation,)
- Share of informal employment in total employment (including minimum wages)
- Percentage of young people not in education, training, or employment
- Percent of population with access to food + primary health services,
- Out-of-pocket expenditure on food and health as a percentage of total household expenditure / income
- Connectivity: mobile broadband subscriptions per 100 inhabitants in urban and rural areas
- Urbanization: segregation, green space per capita, public transport
- Share of the population with access to reliable electricity (%)
Principles of an inclusive Post 2015 agenda

- The *multilateral* space as a community of interests and not as North-South cooperation: all at the table
- Political agreements for a *universal covenant* for sustainable development with equality at the center
- Enhancing a *culture of collective action* for development based on tolerance for differences and diversity
- Strategic vision with an intergenerational approach promoting *new equation and agreements*: balance between State-Market and Society
- Build institutional *capabilities* to manage big data, to ensure continuity of policies and programmes
- More and better *democracy and rule of law*: access to information, participation and justice by all actors.
- *Independent measuring and monitoring*: autonomy of statistics ad participation of civil society to assess progress
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