

Equality depends on structural change in Latin America, Caribbean

By ALICIA BÁRCENA

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In 2010, the Economic Commission for Latin America and the Caribbean (ECLAC) sent out a clear message to the region. We said that it was time for equality, which meant full entitlement to rights for everyone.

Two years later, we are pleased to see how this message, based on persistent citizen demands for a better quality of life, has penetrated at the highest level of governments. Today, few people doubt that equality must be the guiding value of the development agenda of the region's countries. Yet much remains to be done.

Despite recent progress in a group of countries, we remain the world's most unequal region. This shows that the successful social policies implemented in some countries have not been enough to reduce poverty and narrow the enormous gaps between rich and poor. In other words, social progress is not limited to social policies. It is time to overcome the structural barriers to achieving production convergence, employment with rights and environmental sustainability.

At the 34th ECLAC session to be held from Aug. 27-31 in El Salvador, we are addressing the region again to propose a concrete path toward growth with equality and environmental sustainability, in a global scenario where current patterns of production and consumption are unsustainable.

The scope of this approach is explained in our latest publication *Structural change for equality: An integrated approach to development*. It suggests that macroeconomic and industrial policy cannot continue along separate paths; rather they must be coordinated and generate synergies to boost the production structure and strengthen the region's economies to better tackle external shocks (with the focus always on equality).

Structural change means implementing qualitative transformations in the production structure of the region's countries, in order to strengthen knowledge-intensive sectors and rapid growth in external and internal demand, thereby increasing the number and quality of jobs, boosted by new technology paradigms. At ECLAC, we are convinced that employment with rights is the key to development.

What we really are talking about is diversifying the economy toward sectors with greater added value and generating production chains. This requires a state with proactive industrial policies to strengthen micro, small and medium-sized enterprises; promote leaps forward in research and development; improve technical education and training; and incentivize the use and development of new clean production technologies.

Fiscal, monetary and foreign-exchange policies should not only act to promote nominal stability and smooth the business cycle. They should also encourage long-term investment, productive

diversification and, especially, greater convergence in terms of productivity levels throughout the economy.

ECLAC has emphasized the need to forge a new relationship between the state, market and society, including fiscal and social covenants that would provide this structural change process with legitimacy and resources. Public investment plays a key role in guiding and promoting structural change by encouraging and facilitating additional private investment and identifying sectors and activities with the greatest future growth potential. Structural change is about rediscovering policy.

We should not forget the lessons the region learned during past crises and the uncertain scenario we are experiencing today. Without structural change, there can be no long-term sustainable growth with equality. This transformation requires citizens to be active and committed to this society-wide project.

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