

Paths to equality for Latin America and the Caribbean

BY Alicia Bárcena

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Latin America and the Caribbean faces a crossroads today. Historically the region has travelled a path that is barely sustainable; with insufficient growth, high levels of inequality, and little impulse toward structural change. And although it has enjoyed an auspicious decade, today the region confronts an increasingly problematic external scenario.

Since 2002, poverty in Latin America dropped 15.7 percentage points on average. Extreme poverty also fell 8.0 points, even though the pace of that decline is waning. The unemployment rate reached a historic 6.4 per cent, and the purchasing power of median salaries held steady or grew in most countries, coinciding with low inflation, which descended to 5.4 per cent on average from 7.1 per cent between 2011 and 2012.

Nonetheless, in our region, the poorest quintile -- 20 per cent of homes with the fewest resources -- receives an average 5 per cent of total income, while the richest quintile gets 47 per cent.

To safeguard the social achievements made, and avert another period of restrictions and shortages dictated by our cyclical destiny, we must promote a new path of sustainable growth with increasing equality through revamped institutional and political reforms.

The Economic Commission for Latin America and the Caribbean contends that equality must be the fundamental guiding ethical principle and ultimate goal of development, as we stated in our position paper *Time for Equality*, presented during the session -- the organisation's biannual intergovernmental meeting -- held in 2010 in Brasilia.

Placing equality at the centre implies a break with the economic paradigm that has prevailed in the region for at least three decades. In view of our continent, it emerges as a moral imperative. Our conviction is clear: We must boost equality to grow and grow to boost equality.

It is not an easy road, but it can't be put off. It requires a structural change that would bridge critical social and productive gaps and ensure that the economy, production, social gains, and environmental sustainability are not at odds.

As we reaffirmed at our session in San Salvador in 2012, when we released a new document, *Structural Change for Equality*, equality is the future; structural change is the path, and politics, the instrument. This path requires a new equation between the State, the market and society.

That implies a change in orientation in the face of external restrictions and limiting endogenous factors. These restrictions include the loss of dynamism and stagnation of demand within international trade, uncertainty over financial signals and access to financing, and poor regional coordination in light of shifting global production value chains.

The internal problems include an uncoordinated and lagging productive structure, highly informal labour markets, low investment levels with little incorporation of technical progress, gaps in general welfare and capacities, weak governance of natural resources, consumption patterns with lacking public services and high environmental and energy pressures, as well as a long-standing institutional deficiency in terms of regulating, attracting and orienting resources.

Today, we try to reorient policies toward a strong dynamism in investment to ensure a virtuous relationship between growth, productivity and environmental sustainability, incorporating knowledge into production and creating more value added; making the world of work more inclusive, and promoting a greater convergence between tax reforms and social policies with a clear redistributive bias. Additionally, we must balance the expansion of private consumption with the provision of quality public services, and properly manage our natural resources.

We have no doubt -- and we will reaffirm this in our next session to be held in Lima, next May -- that these proposals demand social pacts. Pacts that restore sovereignty to Latin American and Caribbean people, give them the power to strike agreements without tutelage, respecting the latticework that constitutes the essence of our distinctive and rich identities, and forge a future in which there will be no unfair barriers to exercising our rights and building our life projects

based on our birthplace, age, gender or ethnicity. In sum, a future of equals.

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