

**Opening statement by Alicia Bárcena, Executive Secretary of the Economic Commission for Latin America and the Caribbean (ECLAC), at the Latin American and Caribbean Regional Meeting Preparatory to the United Nations Conference on Sustainable Development
Santiago, 7 September 2011**

Thank you and a very good day to you all. First, as always, I should like to express our appreciation to the Government of Chile, represented by the Deputy Minister for Foreign Affairs, Fernando Schmidt. As you are aware, Chile is going through a difficult period and therefore we would like to express our understanding and heartfelt solidarity with the people and Government of Chile.

A very warm welcome to Luiz Alberto Figueiredo, Assistant Secretary-General for Environment, Energy, Science and Technology in the Ministry of Foreign Affairs of Brazil; to John Ashe, Co-chair of the Bureau for the Preparatory Process of the United Nations Conference on Sustainable Development; very soon, we will have the great honour of receiving José Graziano da Silva, Director-General elect and Regional Representative for Latin America and the Caribbean of the Food and Agriculture Organization of the United Nations (FAO), and of listening to his address.

Elizabeth Thompson, welcome, it a pleasure to have you here with us. Ms. Thompson is Executive Coordinator for the United Nations Conference on Sustainable Development. I understand that Brice Lalonde will also be joining us. Of course, José Antonio Ocampo will be in touch with us by videoconference and we look forward with interest to his presentation on the issue of sustainable development from the macroeconomic perspective.

Also present are two Vice-Chairs of the Bureau of the Preparatory process for the United Nations Conference on Sustainable Development: Ana Bianchi, Representative of the Group of Latin America and Caribbean States (GRULAC) and Moldan Belorich, Representative of the Group of Eastern European States.

It is a great honour for me to welcome you all to ECLAC on the occasion of the Latin American and Caribbean Regional Meeting Preparatory to the United Nations Conference on Sustainable Development. It is especially significant since the decision to hold the Conference in our region - in Rio de Janeiro (Brazil) in 2012 - is a source of tremendous pride and the occasion to renew our sense of commitment and our immense responsibility.

I am therefore delighted to greet all the delegations who are with us here today, all the country representatives and stakeholders of the major groups. Many thanks to our colleagues from other organizations in the United Nations system, with whom we joined forces to produce the document entitled Sustainable development in Latin America and the Caribbean 20 years on from the Earth Summit: progress gaps and strategic guidelines. This document was circulated electronically over a month ago and hard copies are being distributed today. This was a substantial exercise for agreeing on criteria, proposals and data and submitting them for your consideration. We hope it will be useful in your deliberations.

Our presence here today, together with representatives of civil society organizations, Government representatives and special guests, is highly significant. This region now has the opportunity to build a platform that reflects the needs, priorities and realities of our societies, one that is constructed from the perspective of Latin America and the Caribbean and for its use.

The idea of formulating our own thinking on development took shape very early at ECLAC, and throughout the 60 years of its existence, this organization has assisted countries in constructing a truly regional outlook, a vibrant, critical thinking, which has challenged and renewed itself in relation to concepts such as the centre-periphery, the empty box, productive heterogeneity, styles of development, endogenous development, genuine competitiveness, the fiscal covenant and time for equality.

Today, these ideas are back with force on the agenda. But they have resurfaced at a time of change, the aim being to create a platform for sustainable development in which we can reformulate a change.

The twentieth century, some claim, did not end in 2000, but rather with the fall of the Berlin Wall in 1989. This is partly true if you consider how much has changed since this historic milestone and the extent to which the global political and economic architecture has been redesigned.

This was the background for the preparations leading up to the Earth Summit in 1992, which culminated in the adoption of unprecedented political agreements, which are enshrined in the 27 principles of the Rio Declaration on Environment and Development, Agenda 21, the United Nations Framework Convention on Climate Change, the Convention on Biological Diversity and the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification , particularly in Africa.

It is true that that meeting marked a milestone in the United Nations development pillar, but, paradoxically, far-reaching changes were also taking place in the economy and within societies, ushered in by a new production paradigm based on consumerism, progressive globalization of markets and communications, trade openness, and financial and labour-market deregulation.

In the 1990s, the world was moving along two parallel tracks.

On the one hand, globalization resulted in a world economy governed by financial capitalism without borders, which took the form of a virtual, immaterial, paper economy, unattached to any physical location. High-scale speculative money, money producing money, information money flowed at incredible speeds across continents, without barriers or without being grounded in the real economy. Economic openness, combined with computerized transfers, set off an era of unbridled financial capitalism. The application of the Washington Consensus throughout the countries of the periphery during this

decade undermined public policy in social spheres and emasculated strategic productive sectors at the national level.

In parallel, world conferences, convened every two years within the United Nations system, became forums where stakeholders could pursue what was termed the development decade. During these years, discussions were held on the imperatives relating to sustainable development, children, women, population, social development, education, and financing for development. These multilateral processes culminated in the Millennium Summit, where the Millennium Development Goals were adopted.

Those were our two parallel worlds.

Thus, today, the assessment following the United Nations Conference on Environment and Development (Rio de Janeiro, 1992) brings to light this deep-seated contradiction. The comparative indicators reveal that two decades of reiterated commitments by the international community, without financial support and without the effective transfer of technology agreed at Rio, have not been sufficient to eradicate poverty, hunger, inequality and environmental degradation. In addition, principle 7 of the Rio Declaration relating to common but differentiated responsibilities became watered down internationally within the framework of trade negotiations and is now limited to non-binding, environmental agreements.

And here we are today, 20 years later, more acutely aware but in a weaker and more worrying position because time has run out.

The crisis that broke out in 2008 – and we are still not out of the woods – has had a significant impact not just in economic and social terms but also politically. It has raised serious debate on the direction of the rationale for accumulating economic wealth, the rules governing the global economic system, the role of public policy and the inability of global institutions not only to confront and

respond to systemic problems but also to manage, prevent and mitigate them. Moreover, this crisis has arisen at a time when strong doubts are being raised about the social benefits of democracy, of world economic integration and the uneven advances of regional integration.

This is why it is not enough to come together to renew and reaffirm the political commitment reached at the Earth Summit in 1992 or at the World Summit on Sustainable Development (Johannesburg, 2002), or to take stock of the progress made to date.

History has arrived at a break-point, the world is in crisis and the future calls for a change of course. And this change of course must be the Rio+20 Conference in 2012.

Development, as we have experienced it, has reached this break-point and the financial crisis, the food crisis, the energy crisis have called into question the neoliberal production and economic paradigm that has held sway over the past decades.

Moreover, today's generation is, as described by Stéphane Hessel, "outraged", because it is battling with frustrations caused by unfulfilled expectations in the areas of employment, well-being, social progress, quality of life and respect for nature and cultural diversity.

The world has changed drastically. A hundred years ago, it was the struggle of the proletariat that raised concern in certain quarters. Do you know the extent and nature of the discontent that is rife today? It is the situation of those who are living precariously, those living on the edge, who have no formal job, those who are dissatisfied with the existing model. This is the reality of our society today: from the proletariat to the precarious.

Citizens are claiming their right to take part in decision-making on issues that concern them and calling for the urgent redefinition of the State-market-society

equation: a market that is dynamic and innovative and that can respond to the interests of the society; an inclusive and innovative society and a more modern, streamlined State that guarantees well-being and the sustainability of development.

The onus is on us to take up the challenge of our era and to assume the responsibilities of our generation because the generation that follows has taken the lead.

Today, after decades of dismantling, our States are ill-prepared to regulate the economy, to lead technological change, to guarantee well-being, to close production and social gaps and to advance in the area of environmental sustainability. The challenge is to restore to the State and the public sector their rightful role in shaping the future and strengthening social covenants and public-private partnerships.

We are compelled by our conviction and the urgent need to move forward more rapidly and decisively, to redirect our approach to development and bring about the more far-reaching structural changes that are needed following the collapse of the self-regulating market model. And in doing this we must be mindful of our regional identity.

This meeting is an opportunity to redefine a development agenda based on the perspective of the South with sustainability as the conceptual basis but with equality at the centre – an agenda that is more balanced and which takes into account the interests of the developed countries but, above all, those of the developing countries. We must put forward an agenda for this region but it must respect real, effective and functional multilateralism in order to guarantee global public goods, such as peace, financial stability, protection against pandemics and climate security, an agenda, in short, which integrates effectively the economic, social and environmental pillars.

What has happened in Latin America and the Caribbean?

In 1992, the region was emerging from the “lost decade”, which had been marked by low growth, hyperinflation and high levels of external debt. In the decade of 2002, when the meeting was held in Johannesburg, it was emerging from a decade of neoliberalism and reforms which had sapped and weakened the State and Government institutions.

Now, in the second decade of the new millennium, the region can boast substantial political, economic and social assets, but it also has liabilities that need to be overcome. We have democratic regimes established by means of free and fair elections; we have embarked on a path of prudent macroeconomic policies and social progressiveness from which there is no turning back, so much so that the main difference between this and earlier crises is that on this occasion, there has been greater concern in the countries of the region for maintaining employment and levels of income for the population, thus proving that the lessons of past crises have been learned and that greater store is set by equality. This has enhanced the legitimacy of public policies that help to reduce inequality. Several countries strengthened their social policies mainly through employment programmes, conditional transfer programmes and special bonds that had a strong impact on income distribution and at the same time helped to alleviate extreme poverty.

But as regards the way out of the crisis, experiences have varied and the different short-term and structural realities are evident. The Southern Cone has staged a stronger recovery than Mexico, Central America and the Caribbean, while the latter have been more vulnerable to escalating food prices, waning tourism and remittance inflows and financial volatility.

The region managed to reduce the indigence levels from 18.5% to 12.9% in 2010 and unemployment indicators are better than before the crisis, at 7%.

The region has a rich natural endowment with 20% of forested areas. Seven of the 17 countries are megadiverse; we account for one third of the world’s arable land and fresh water reserves; 31% of world production of biofuels (thanks to Brazil);

13% of world oil production; 47% of world copper production; 48% of world soybean production and so forth. In other words, we are a resource-rich region and are highly successful as exporters of raw materials. But, can we manage these resources? Have we built up value added or industrialized our economies beyond the maquila stage? Do we know how to make the most of productivity gains, especially in terms of redistributing within the society the gains derived from high international prices? Do we have common standards for applying royalties and regulating external investment in a coordinated manner?

This is the huge challenge for us. There is no virtue in having a superlative export performance if our profits are not distributed to the rest of society and if that production and those productivity gains are made, as Fajnzylber would say, at the expense of our natural resources and at the expense of the workers, that is, on the basis of spurious competitiveness.

Reflections and proposals

So, what must we do?

I would like to put forward a few reflections and proposals.

Two reflections:

The first thing is to reverse the trend towards an economy reliant once again on primary exports, as is the case especially in South America. High commodity prices, while generating substantial profits, also have an impact on the production network by concentrating production and causing the currency to appreciate. We must consider how best to administer the financial resources obtained and how to invest in the creation of other forms of capital: physical, human and technological capital.

The second reflection is that our region has more scope for joint political action and is well placed internationally, along with other emerging countries, bearing in mind the shift in power from the Atlantic to the Pacific and the increase in South-South economic and trade interactions, which have been overtaking North-North

trade. This structural change dates back to 1985. We have been changing this structure for the past 25 years.

A case in point: ECLAC participated recently in Buenos Aires in the Forum of East Asia-Latin America Cooperation (FEALAC), which brings together the countries of Latin America and those of East-Asia-Pacific. We calculated that jointly, these two regions hold 60% of United States Treasury Bonds.

We believe that the region has achieved a level of maturity which can enable it to propose and manage its own change and build its own regional agenda.

Therefore, we propose as follows:

First, the reaffirmation that the conference is concerned with development and that equality must be placed at the heart of the agenda. Equal rights provide the regulatory framework and serve as a basis for social covenants. We must reaffirm the rights enshrined in the Rio Declaration on Environment and Development, which recognize common but differentiated responsibilities, the right to information, the right to health and the right to prior consent, among others. The right to a global covenant which secures an economic structure that guarantees thresholds of environmental sustainability and social well-being.

Social equality, environmental sustainability and economic strength with an emphasis on innovation are not mutually exclusive; the major challenge is to find synergies between them. We propose a strategic vision underpinned by three basic tenets: growth for equality, equality for growth, and environmentally sustainable growth and equality. This requires a far-reaching technological change with an impact on production patterns, which closes structural gaps, boosts human capacity and mobilizes active State policies.

Second, the adoption of a global covenant in Rio will mean acting in solidarity with future generations, who will be living in a more uncertain scenario and with

a more acute scarcity of natural resources. It also means calling for the signing of international trade, environmental and social agreements and ensuring that the burden of the higher costs for this change does not fall on the poor or on the most vulnerable countries. It means thinking about the development paradigm in terms of more humane and more environmentally friendly linkages. Patterns of production and consumption must be changed in a context of shared prosperity. This proposal must be expressed in a renewed partnership for sustainable development which reconciles the commitment of the economy vis-à-vis the environment with the eradication of poverty and inequality by switching to production patterns that generate quality jobs.

Third, we need representative, politically legitimate leadership to strengthen the United Nations development pillar. One of the future requirements of global governance is the creation of more comprehensive and inclusive bodies for coordinating and implementing the global development agenda. Thus, just as the Group of Twenty has a central role to play in global financial governance, steps must be taken in the multilateral sphere to enhance governance of development.

Global governance must be universal and inclusive and must reflect the interests, needs and objectives of the international community as a whole. We need global institutions that will bring together the action of organizations and agencies in the global and regional intergovernmental system to support the implementation of the agenda that is expected to be drawn up in Rio in 2012. This will mean harmonizing the different international agreements and treaties. These new institutions call for greater coherence between the negotiations and commitments adopted at different international forums, whether they relate to trade, climate, the environment, social issues or finances; they also call for an equitable distribution of scientific and technological advances and for financing and institutions based on multilateralism. These changes must be agreed in a different manner, within a shorter space of time and with well-defined goals and an accountability body that is also inclusive, sustainable and efficient.

Fourth, I propose strengthening and reinforcing the role of the Economic and Social Council so that it can function in the same way as the Security Council. It could become a security and sustainable development council with 27 countries instead of 54 members. This council could serve as the forum for deliberations on financial, economic, energy, social or food crises, and for discussing the true origins of the problems faced by humanity. The Security Council does not have either the means or the mandate to analyse climate change or the food crisis. But in the absence of a high-level forum, this is where these issues are being discussed. While human security is indeed at stake, the issues are structural in nature and above all relate to development.

Representation on this council should be decided by the regional groups by activating democratic selection mechanisms. In this context, the participation of multilateral organizations such as the World Bank, the International Monetary Fund (IMF) and the World Trade Organization (WTO) will be fundamental just as it was at the International Conference on Financing for Development, held in Monterrey, Mexico, in 2002. The major groups should be fully involved in the deliberations.

The fifth proposal is to strengthen regional integration. It is now generally admitted that no single model or solution applies equally well to all countries. Different approaches are needed for confronting problems and, what unites us, above all, is the value we attach to democracy and the desire to reinvent our own areas of political convergence, for integration and development among countries; indeed, there is increasing convergence between the objectives of the various countries. In terms of trade, for example, Latin America and the Caribbean has forged new approaches and more pragmatic modalities for strengthening intraregional trade, developing value chains based on intermediate goods and not just on competition for marketing end products. We respond as national entities to global markets. Hence, the importance of multilateral and cooperation bodies for confronting the threats and uncertainties in a more coordinated way.

The Latin American and Caribbean region has made major strides in setting up mechanisms for deliberation and for regional and subregional cooperation. These include the Central American Integration System (SICA), the Common Market of the South (MERCOSUR), the Andean Community, the Bolivarian Alliance for the Peoples of Our America (ALBA), the Caribbean Community (CARICOM), the Union of South American Nations (UNASUR) and the Community of Latin American and Caribbean States (CELAC). These entities help to build consensus on issues such as: easing of intellectual property rights; joint technological innovation projects; lower-carbon infrastructure; regulatory frameworks in the fiscal spheres; mechanisms for deepening intraregional trade; and the foundations for a new financial architecture, a cooperation platform and a forum for the full participation of the major groups.

These regional agreements will contribute to the convergence of criteria for more equitable governance with a view to the sustainable development of natural resources; they will help to build political consensus and create fiscal mechanisms whereby States can capture the income generated by the exploitation of natural resources and channel it towards environmentally sustainable production infrastructure, human resources training, social protection and protection of the natural heritage.

An essential point for the future regional agenda must be financing for development. Once again, we need to come up with innovative mechanisms for development, such as the tax on speculative income. We propose taking a leaf out of President Sarkozy and Chancellor Merkel's book and applying a tax on short-term speculative transactions. For example, the application of a rate of 0.05% on speculative capital movements would generate US\$ 660 billion. This could be a significant source of additional, innovative financing, which should be separate and apart from the developed countries' commitment to devote 0.7% of their gross national income to official development assistance as agreed in Rio, Monterrey and Johannesburg.

The implementation of the above proposals is subject to certain conditions:

First, policy must play a role in guaranteeing the effective provision of public goods. By “public”, we mean collective, that which belongs to society as a whole, not that which is the preserve of the Government. It is not that the State is the owner of the public goods, but rather that the society generates public goods with the participation of the private and corporate sectors and the principles of corporate social responsibility are applied to all forms of investment.

Second, setting up dialogue as a form of Government in order to have the legitimacy to distinguish clearly between different interests with clear goals and with a long-term State vision. Thus, the regulatory bureaucracy must have the technical capacity and there must be sufficient social empowerment to face up to the tremendous power and clout of the major corporations. The democratic order must be such that the course of development can translate the will of the majority and allow for the participation of all stakeholders.

Third, democracies must be deeper, more participatory and more transparent, since under the democratic system, it is the citizens who decide what type of society they want to construct. Principle 10 of the Rio Declaration on Environment and Development must be fully implemented. This principle is more relevant today than ever since it provides a clear and pioneering vision with regard to transparency, environmental justice and access to information as the basis for deepening democracy and doing away with global asymmetries.

Lastly, the proposal of a new global covenant for sustainable development must seek to ensure the depth of the four structural trends, which imply a genuine change of era.

1. Climate change, which is closely linked to the long history of industrialization and the production patterns it ushered in, which generate high levels of carbon emissions and consumption of fossil fuels; and, moreover, to the specific way in which human beings interact with nature in

order to ensure their collective reproduction. Climate change imposes limits, forces us to change the production paradigm and consumption patterns, places intergenerational solidarity at the heart of the agenda for equality and even challenges our relationship with the world. In other words, each individual's future is inextricably tied up with the future of all. Now more than ever before, with the threat of global warming looming before us, with the destruction of the environment and the crisis in energy sources, our interdependence cannot be ignored. Alternative ways must be worked out and the constraints faced by the region in its shift towards economies based on lower carbon emissions and less use of fossil fuels must be examined. In Latin America and the Caribbean, climate change may turn into a new restriction on economic growth or, if approached in a timely and integrated way, can become an opportunity for renewal and for improvement in infrastructure, the advance of production processes, the creation of more efficient and less pollutant transport modes and the promotion of a gradual change towards a pattern of development with a lower carbon footprint. This move can have a significant impact from the point of view of equality and convergence of production insofar as it entails the provision of enhanced public services which are fundamental for the well-being of the least privileged strata of society. ECLAC is working to build up evidence and, indeed, the preliminary findings of economic studies are already highly conclusive in this regard. We must promote the transition to a lower carbon economy. In fact, the evidence shows that the impact of global warming will be much harsher in the developing countries and on the weakest social groups.

2. Technological change and what is referred to variously as social networks, the information society or the knowledge society. Innovations in information and communications technologies are shaping a very different society which is bringing about changes in economic and production patterns, ways of working and organizing, communications systems, learning and information processes, social linkages, forms of government and ways of exercising democracy and controlling society. The network system leans towards deregulation and self-regulation. The problem arises when this is projected

onto areas of global life in which deregulation has proved harmful and dangerous, as in finance, arms trafficking, labour organization and environmental management. For this very reason, the network system itself must put in place a mechanism for strengthening regulation of those spheres of global life which, precisely because of lack of control, generate global economic, production and environmental crises as well as global security crises. Here, for example, we have pointed to the importance of regulating the financial system and labour institutions.

- 3.** The demographic transition, which will bring about a change in the relative weight of different age groups of the population over the coming decades. Attention has been drawn to the demographic dividend, which Latin America and the Caribbean will enjoy, albeit with major differences between countries, since the decline in the child population, coupled with population ageing that is just beginning, is resulting in a proportionately large working age population compared with the age-dependent population. This dividend must be harnessed in the coming decades, since the expected shift towards an ageing population will alter the relationship between the economically active population and the dependent population, and high levels of productivity will be needed to generate the necessary resources to cover health and social security requirements. In the final analysis, the demographic transition shifts the equation of State, market and family as regards meeting well-being and capacity-building needs. As the proportions of the different age groups change, the way these three agents interact to provide services, monetary outlays and support networks must be reassessed. Transfers and care services are a strategic part of this interaction.
- 4.** Cultural change. Greater global interconnections create greater awareness of the diversity of tastes, values and beliefs, but they also generate instances of deep-seated cultural and religious intolerance, some of which crystallize into virulent forms that pose fresh threats to world security. After the fall of the Berlin Wall, the collective notion of democracy as part of global cultural heritage spread but ethnic conflicts revived the ghosts of collective violence. The spread of consumerism and financing have given the market a pivotal role in defining meanings, identities and symbols. For many, the globalization

of communications and information, together with the mass use of information and communications technologies, has shifted references in space and time as well as portrayals and visions of the world, at the same time as it raises questions about the pace and depth of changes in preferences, life plans and norms of coexistence. The consolidation of religious identities is progressing side by side with the secularization typical of modernity. The foundations of ethnocentrism and patriarchy are increasingly being shaken by indigenous and women's movements. Cultural change is challenging the ways in which society is organized. For example, any policy on youth must take into account the very radical cultural changes that young people are experiencing. Gender and cultural values are increasingly recognized as cutting across all policies for equality and the balance between equal opportunities and respect for differences is a delicate one. Equality of rights, which ECLAC has adopted as its core value, is the cornerstone of political action because it enshrines a universalist aspiration that is capable of absorbing and reconciling the rapid cultural changes taking place worldwide.

Friends, let us join our voices to Stéphane Hessel's call for "outrage" and let us make this Conference a turning point.

In our recent document *Time for equality: closing gaps, opening trails*, we stated that the new development paradigm must build a model of globalization that fosters greater collective awareness of global public goods; awaken democracy across the planet by affording a voice to the most diverse range of actors in the open concert of global governance; and ensure that the excluded sectors – that is, those not present here among the major groups, namely indigenous peoples, Afro-descendent communities, communities of fisher folk, in short all those who in their everyday lives have the right to expect a response from us – are empowered to close the gaps, exercise their full rights as citizens and enjoy access to well-being.

The proposal just outlined is presented to you as a complement to this more comprehensive and strategic approach.