

Opening remarks by
Alicia Bárcena, Executive Secretary of ECLAC,
on the occasion of the thirty-fifth session of the
Economic Commission for Latin America and the Caribbean
Lima, 6 May 2014

Excellency, Ollanta Humala Tasso, President of the Republic of Peru,
Eda Rivas, Minister of Foreign Affairs of Peru,
Representatives of the member States of ECLAC,
National and municipal authorities,
Members of the diplomatic corps,
Representatives of international agencies and colleagues of the United Nations system,
Representatives of civil society organizations,
Antonio Prado, Deputy Executive Secretary of ECLAC,
Colleagues of the Commission,

Friends:

May I first convey my thanks to you, Mr. President, and to the Minister of Foreign Affairs, Eda Rivas, and extend my gratitude to the Government and people of Peru, for your proverbial hospitality and warm welcome during the preparations for this thirty-fifth session of the Economic Commission for Latin America and the Caribbean. I would like to thank the excellent staff of the Ministry of Foreign Affairs, particularly Ambassador Marcela López Bravo and Miguel Alemán, for their professionalism and dedication in making this session an enjoyable and successful event.

We are deeply gladdened by the opportunity to hold our biennial meeting in this heroic land, full of symbolisms that augur well for a fruitful meeting.

It was here, at Caral, that the first civilization on this continent came into being, 5,000 years ago. Today we are starting our labours at the heart of the Tahuantinsuyo, the Inca Empire, in the land that bred the indomitable dignity of the Túpac, José Gabriel Condorcanqui and his wife Micaela Bastidas, who sowed the seeds of our common identity and opened the paths to our emancipation.

The paths of this noble land, where we meet today, were once trodden by the troops of San Martín, Bolívar and Sucre, who sealed the pages of our independence at Junín and Ayacucho.

The fields of Peru gave birth to free America, our shared homeland, and from its countryside and cities, its mountains and plains, came giants of Latin American thought. Here were penned the libertarian writings of Manuel González Prada and Víctor Raúl Haya de la Torre and here was forged the radical transformative will of José Carlos Mariátegui.

Friends, the session is the most important intergovernmental meeting in the two-year cycle of the Commission's activities.

We are here today to render an account of the work we have done. It is on this occasion that we propose our programme of work and receive the mandates and orientations that will guide the future work of the Commission.

I would like to extend special thanks to all the delegations of our States members represented at this, our foremost meeting. Your participation is essential for us; you are the source of our mandates and this is the forum in which the secretariat needs and wishes to hear your voice.

Friends,

Mr. President, in the course of this week we will present the report on the activities of the Commission. Among these are studies and publications that serve as a basis for the forums, workshops, seminars, training courses and expert meetings at which experiences are exchanged and priorities proposed for technical cooperation between the member States on different matters relating to the region's development agenda.

We will also be reporting on the activities of our subsidiary bodies, the Statistical Conference of the Americas of ECLAC, the Regional Conference on Women in Latin America and the Caribbean, the Regional Conference on Population and Development, the Regional Committee on Planning, the Caribbean Cooperation and Development Committee and the Committee of the Whole, all essential pillars in the construction of our mandates.

With respect to South-South cooperation, we will be discussing the importance of the issue of equality with the donor countries and reviewing the progress made in studying structural gaps and measuring South-South cooperation.

In this framework we await your guidelines to strengthen collaboration with the machineries established in the region, such as the Community of Latin American and Caribbean States (CELAC), the Union of South American Nations (UNASUR) and the

Bolivarian Alliance for the Peoples of Our America (ALBA), and to consolidate our relations with long-standing regional and subregional integration bodies: the Caribbean Community (CARICOM), the Latin American Integration Association (LAIA), the Southern Common Market (MERCOSUR) and the Central American Integration System (SICA), among others.

Building greater regional density is one of the functional goals of ECLAC, with a view to enabling Latin America and the Caribbean to engage more with other world regions, and on a better footing. Accordingly, on Wednesday we will present a document entitled *Regional integration: Towards a strategy for inclusive value chains*, which treats production and social inclusion as strategic pillars of regional integration. This in the light of the major transformation in the global economy, the rapid pace of technological change, the growing economic weight of Asia, the emergence of global value chains and the tendency towards the formation of macroregional blocs.

The region's contributions to the global post-2015 development agenda will also be a theme running through all our discussions.

Friends, we are here in Peru today to present the third document in a virtuous trilogy. Entitled *Compacts for Equality: Towards a Sustainable Future*, it complements and gives depth to the messages that ECLAC has promoted in the region during my term of office. Together, the three documents bear witness to the deeply held belief that equality is the goal, structural change is the path, and the art of politics and policymaking is the instrument by which it can be achieved.

The first part of the “trilogy of equality” was presented in Brasilia in 2010, entitled *Time for Equality: Closing Gaps, Opening Trails*. This paper argued that equality must be the overarching normative ethical principle and the ultimate objective of development. We proposed that the time for equality had arrived, and that this equality be understood as the full entitlement to rights. In this we were echoing the clamour of our societies, for nobody can deny that Latin America and the Caribbean bears the shameful distinction of being the world's most unequal region.

Placing equality front and centre means breaking with the economic paradigm that has prevailed in the region for at least three decades. But a look at the reality of our continent makes this a moral imperative.

Our conviction is clear: we must seek equality for growth and growth for equality, or, as the President put it: growth for inclusion and inclusion for growth.

This is no easy path, but taking it can no longer be postponed. Instilling equality will require structural change aimed at closing critical social and production gaps and achieving compatibility between the economy, production, social dimensions and environmental sustainability.

It was with great satisfaction that we received the figures from the National Institute of Statistics and Informatics of Peru (INEI), which indicated that monetary poverty had fallen from 25.8% in 2012 to 23.9% in 2013, a drop of 1.9 percentage points. In other words, in 2013 almost half a million people were lifted out of poverty in Peru.

In 2012, at the thirty-fourth session of ECLAC held in El Salvador, the document *Structural Change for Equality: An Integrated Approach to Development* outlined the challenge of spreading capacity-building, technological progress, job opportunities and access to social benefits and safety nets throughout the production structure and the fabric of society. This means making qualitative changes to the production structure of the region's countries, in order to strengthen knowledge-intensive sectors in which domestic and external demand are expanding rapidly, thereby delivering productivity gains with more and better jobs. The region needs to move away from production structures centred on static comparative advantages and towards dynamic comparative advantages with greater knowledge intensity and technological progress.

I take this opportunity, Mr. President, to thank the Government of Brazil, which hosted our session in 2010, and that of El Salvador, which has chaired the Commission since 2012.

Mr. President,

The crisis that broke out in 2008 tested the ability of States to mitigate the impacts of a severe external shock and preserve equilibria. By mobilizing a range of political and financial resources and taking countercyclical action, governments were able to mitigate the social costs of the crisis—which during previous crises had been frankly brutal. The countries marshalled a timely response to the crisis, reconciling the need for urgent social action with economic caution. The test showed that public action and political will in the region had acquired a surprising maturity.

Significant strides have been made in reducing poverty and unemployment, and steps have been taken to improve income distribution, albeit with varying rates of progress from one country to another, reflecting their marked heterogeneity. Greater macroeconomic stability has been achieved, the public debt has been reined in and countercyclical policies have been deployed to mitigate the impact of external crises. In addition, both enrolment in and progression through education have risen, health-care services have improved, and access to social safety nets has broadened.

In this document, *Compacts for Equality*, we describe the crossroads that the Latin American and Caribbean region now faces. Throughout its recent history, the region has been moving along an unsustainable development path that is associated with lagging growth and sharp inequalities, and has made very little headway in bringing about structural change. And while it is true that, over the past decade, the region has been helped along by a tailwind, that wind now seems to be weakening as the external situation becomes more and more problematic.

If the region is to safeguard the undeniable social progress it has made and break free of our hitherto cyclical spates of restrictions and hardship, we must seek a new, more sustainable growth path with greater equality by driving a renewed set of institutional and policy reforms.

Moreover, economic sustainability challenges abound as the business cycle enters a slower phase, with gaping lags remaining in production patterns. As regards environmental sustainability, the global challenges of climate change, coupled with the dynamics of consumption and urban concentration, pose serious negative environmental externalities that undermine the economy and the well-being of the population.

The limits are drawn by a combination of external constraints and endogenous features. External constraints include slowing international trade, fluctuating commodity prices, volatile financial signals and the reordering of production into transnational value chains in which the countries of the region run the risk, once more, of missing an opportunity to gain a less asymmetric position.

The endogenous problems include, as we know, the region's disjointed and outmoded production structure, the low levels of investment with little embedded technological progress, the high degree of informality in the labour market, welfare and capacity gaps,

weak natural resource governance, consumption patterns that reflect major deficiencies in the provision of good quality public services and place great pressure on the environment and the energy supply, and persistent institutional shortcomings in terms of labour and the ability to regulate, capture and allocate resources.

Growth rates, despite tailing off since 2011, remain positive, with ECLAC forecasting growth of 2.7% for the region, although Peru is set to maintain growth rates of over 5%.

The downturn in the natural resource cycle, along with the expected reduction in capital flows and in global liquidity and a possible rise in interest rates, leaves the region less favourably placed for the future.

The reduction of poverty and inequality shows signs of losing momentum and the indigence rate has not come down at all. Informal employment and occupations also remain pervasive.

Furthermore, the emerging middle classes and vulnerable sectors that have only recently left poverty behind are placing greater demands on the State for sufficient good quality public and collective services, in such areas as public safety, transport, education and health.

Today, therefore, the region faces major challenges in maintaining its momentum on the road to equality; this entails ensuring the full exercise of rights and expanding them in the various fields where equality is played out.

The region must combine dynamic development that is sustainable over the medium and long terms with a systematic effort to increase equality.

Such equality is not understood only as equality of resources, that is, as better income distribution. It is also understood to mean greater equality of capabilities and agency, equality in the full exercise of citizenship and in dignity and reciprocal recognition among stakeholders.

Recognizing individuals as equal and interdependent means that policies must be applied to promote their autonomy and mitigate their vulnerabilities. From the perspectives of gender, ethnicity and the environment, this also means calling for policies on equality in the distribution of roles (at home, at work and in politics), in the

relationship between present and future generations, and in the visibility and affirmation of collective identities.

At its heart, a scheme for equality and future development such as that proposed by ECLAC in the documents mentioned and in the paper we present here requires a new equation between the State, the market and society, as well as a virtuous interaction between institutions and structures: industrial policies capable of calling upon public and private agents to raise investment and shift sector composition to boost productivity; governance and use of the region's comparative advantages in natural resources to build a diversified, knowledge-intensive economy with high value added and to make the sphere of work more inclusive; a better balance between public service delivery and private consumption, consistent with environmental sustainability; and construction of a sustainable taxation and social welfare system in order to achieve a high redistributive impact and expand capacity-building for society as a whole.

Only through a virtuous dialectic between institutional and structural change, with the participation of key development actors, will it be possible to leverage development in the strategic direction set forth in the document presented here today.

We are in no doubt that striving for equality requires compacts and far-reaching political agreements that have a medium- and long-term vision and a strategic objective, and engage a wide range of actors to ensure their continuity and promote the exercise of citizenship. Only through compacts will it be possible to develop the institutional framework and the collective will to open up this policy space; and only through compacts will society be able to internalize the sense and content of such policies. Social development compacts for sustainability and equality will, of course, vary depending on the conditions existing in each country.

The complexity of the present juncture and of the outlook for the short and medium terms calls for a progressive public policy effort to endow the world of work with greater inclusive potential and ensure that fiscal policy and social policies converge in order to reduce the multiple social gaps revealed by a multidimensional look at inequalities in the region.

A virtuous circle of better institutions and structures more suited to sustainable development and social equality requires social contracts or compacts in various spheres.

Policies enshrined in such compacts can provide a more robust and enduring framework for medium- and long-term lines of action: a compact for investment and structural change; a fiscal compact for a better balance between private goods and public services in the architecture of well-being; a compact for natural resources governance and environmental preservation, with an emphasis on solidarity with future generations and a more diversified, “green” production matrix; and a social and labour compact to build the State’s redistributive capacity in different areas of inequality and ensure that labour institutions keep pace with structural change in order to close gaps in relation to gender, output, quality employment and the division of benefits between capital and labour.

These collective accords must restore to the citizens of Latin America and the Caribbean their sovereignty and their power to reach agreement, without tutelage and without taking a one-size-fits-all approach, in keeping with the fabric that constitutes the essence of our rich and distinctive identities. They must lead us to a tomorrow in which the exercise of rights and the construction of life projects are not bound by unjust limitations imposed by birth, age, gender or ethnicity; a tomorrow of equals.

Friends, a little over a century ago, a few streets away from the room where this conference is being held, the combative pen of Manuel González Prada formed a libertarian declaration: "... there can be no struggle that is more necessary or more generous than that waged in Peru to transform masses of serfs into an association of men."

Let the transforming spirit of his words inspire us, and let this forum be a fruitful place in which to imagine and build a tomorrow for our region based on justice and equality. Let us forge our own path which, in the words of Mariátegui, "shall not be borrowed or copied, but created in an act of heroism".

Thank you very much.
