

REMARKS BY ALICIA BÁRCENA

Executive Secretary of the Economic Commission for Latin America and the Caribbean (ECLAC)
at the opening ceremony of the thirty-third session of the Commission
Brasilia, 30 May 2010

Your Excellency, Ambassador Pedro Carneiro de Mendoza, Under-Secretary General of Economic and Technological Affairs at the Ministry of Foreign Affairs of Brazil
Distinguished Heads of Delegation of the member States of ECLAC
Enrique Iglesias, Secretary-General of the Ibero-American Secretariat
Jose Miguel Insulza, Secretary-General of the Organization of American States
Heraldo Muñoz, Assistant Administrator of the United Nations Development Programme (UNDP) and Director for its Regional Bureau for Latin America and the Caribbean
Representatives of international agencies
Representatives of intergovernmental organizations
National authorities
Members of the diplomatic corps
Gert Rosenthal, José Antonio Ocampo and José Luis Machinea, former Executive Secretaries of ECLAC, who in keeping with tradition, accompany us at this session, together with Enrique Iglesias, of course.
Antonio Prado, Deputy Executive Secretary, and other dear colleagues from ECLAC
Friends,

I would like to begin by thanking Brazil for supporting this event, which is the most important meeting in the Commission's biennial cycle of activities. Today we meet in the splendid city of Brasilia, child of the genius of Lucio Costa and Oscar Niemeyer, and, first and foremost, of the leadership of Juscelino Kubitschek. Brasilia recently celebrated its first fifty years and, for many of us, is the strongest metaphor for human capacity to set and accomplish ambitious goals, as well as for staying the course and constantly erecting new structures.

I would like to thank all the delegations for being here today; your participation is essential to our work, you hand down the mandates that shape our work, and this is the occasion when the secretariat most wishes and needs to hear your voice.

As many of you know, in terms of guiding the Commission's activities, the session is the most important intergovernmental meeting on the ECLAC calendar. It is at the session that the member States have the opportunity to apprise themselves of the work undertaken by the Commission in the preceding two years and, through the programme of work that they adopt and the calendar of conferences they approve, to define the mandates that will guide the Commission's work in the future. The session is also, traditionally, the occasion when the Committee on South-South Cooperation meets.

Dear friends

The year 2008 marked the end of a five-year period of continuous economic expansion in Latin America and the Caribbean, the likes of which had not been seen for 40 years. During that time, the countries of the region not only experienced steady economic growth and falling poverty levels; they also improved several crucial aspects of their macroeconomic management and reduced their external vulnerability.

In the first half of 2008, the region was hit by the rise in international energy and food prices, which reversed some of the gains recorded in recent years, such as improved terms of trade in several countries. This had a major negative impact on the poorest strata of the population in the region.

Subsequently, the effects of the collapse of the financial sector in various industrialized countries in the second half of 2008, which spread rapidly throughout the world through the channels of the real economy, spawned the worst global economic crisis in more than half a century, with dire consequences for Latin America and the Caribbean. Although most countries of the region were better prepared to deal with the fallout from the economic slowdown (thanks to the implementation of sound policy practices in recent years, which had translated into higher international reserves, positive fiscal balances and lower debt levels), they were not immune to external shocks or to the contagion of plummeting trade and investment flows and sharply deteriorating financing conditions in international markets.

As a result, the region experienced negative growth in 2009, with Mexico and Central America suffering the harshest consequences, owing to their strong interdependence and close ties with the United States economy. The crisis also had an immediate impact on social indicators: the ranks of the poor had swelled by 9 million by the end of 2009 as employment conditions worsened and the level of informality in the labour market increased, especially among the most vulnerable groups, such as the poor, women and young people. At the end of 2009, diverse signs of recovery raised hopes that economic growth would pick up again in 2010, but the persistent vulnerability of the global economy, revealed by recent events in Europe, has set off alarm bells again. As in previous crises, recovery is expected to be slower in the social sectors than in the economy, and Governments will have to redouble their efforts just to bring poverty back down to pre-crisis levels.

In the face of this situation, ECLAC reacted swiftly, proposing the implementation of countercyclical measures to reduce the impact of the crisis and stressing the importance of ensuring sources of employment and, above all, the need to redefine the role of the State in order to adapt to the new reality, which is projected to continue even after the crisis has passed. ECLAC also called for the renewal of the debate on the reform of the international financial architecture, an issue which the Commission had raised in the wake of the Asian crisis.

These ideas and policy proposals were set out in various studies and publications, including the document *The reactions of the Governments of the Americas to the international crisis: an overview of policy measures*, which has been periodically updated and has been widely read by key audiences, both in the region and elsewhere.

Despite the urgency generated by the crisis, ECLAC has continued paying attention to other important issues, such as financing for development (Monterrey Consensus follow-up), the food and energy crisis, the knowledge economy, social cohesion, integration and development, and climate change. The Commission has also worked hard to support the design and formulation of sectoral public policies and to catalyse debate around them through our flagship publications—including *Preliminary Overview of the Economies of Latin America and the Caribbean*, *Social Panorama of Latin America*, *Economic Survey of Latin America and the Caribbean*, *Latin America and the Caribbean in the World Economy* and *Foreign Direct Investment in Latin America and the Caribbean*—and through the organization of forums, workshops, seminars and expert meetings and our participation and support in various regional summits, such as the Summit of the Americas, the meeting of the Union of South American Nations (UNASUR), and the Summits of Latin America and the Caribbean on Integration and Development held in Bahia, Brazil and Cancun, Mexico.

Lastly, I would like to highlight our leadership in coordinating the work of the funds, programmes and specialized agencies of the United Nations system in the region, through activities such as the meeting of the Regional Coordination Mechanism, organized in 2008 with the aim of strengthening cohesion and synergy in the work of the Organization, at which ECLAC presented the reports *Millennium Development Goals: progress towards the right to health in Latin America and the Caribbean* and *Millennium Development Goals: progress in the environmental sustainability of development in Latin America and the Caribbean*, as well as the analysis of the impact of the financial crisis in the region. Delegates

The crisis revealed the structural deficits that continue to hamper the development of the countries of Latin America and the Caribbean and raised questions about their capacity to tackle the most pressing problems and the new realities shaping the pursuit of development that is sustainable in the long term.

ECLAC is concerned about the ability of the region's countries to confront the new international scenario. We now know that, in all probability, this new scenario will be characterized by: slower growth in the global economy; lower levels of economic development in the developing economies; a decline in trade flows as new trade barriers are erected; tighter and more selective access to international financial markets, which will be flourishing far less than before; and new dynamics in the labour market—including, most worryingly, the prospect of a jobless recovery.

The capacity of the Latin American and Caribbean countries to mitigate the effects of the economic downturn by either implementing countercyclical policies or enhancing access to financing in global and domestic financial markets has been limited, exposing their structural weaknesses. And in terms of competitiveness, the backlogs in innovation and productivity still represent a key obstacle to the success of economic growth-with-equality strategies. Weak structural change, poor production diversification and limited development of more knowledge-intensive and technological sectors will leave the region vulnerable to the risk of persistently lagging behind the rest of the world and to widening productivity gaps with other regions.

Much progress is still required to enhance competitiveness on pressing issues such as infrastructure, logistics and trade facilitation, to reduce asymmetries among production sectors and to benefit from new opportunities in global value chains or to foster closer trade and investment bonds with new partners like the Asia-Pacific region. Quality employment creation must be complemented by social policies to improve the quality of, and access to, education and social services, in order to reduce inequalities, promote human development, increase productivity and respond directly to differing social and economic needs, while also reinforcing social equality and cohesion and respect for human rights.

Other persistent structural problems, such as poverty and its intergenerational transmission, income inequality, regressive tax systems, the effects of rapid demographic change, citizen security and safety, to cite only a few, create additional demands for social public expenditure, for social reforms and for a development agenda that is shared by all stakeholders in society. Newer global challenges such as climate change and the need to develop low carbon economies urgently require the formulation and implementation of new strategies to foster adaptation, mitigation and risk reduction as well as to enhance energy efficiency and jump-start the broad use of renewable energies.

They also necessarily call for greater collaboration and integration efforts among countries in the region in order to address common global challenges with a regional focus and within a multilateral framework. In the post-crisis context, the design and implementation of development strategies require a completely new approach to governance and long-term development, renewed public administration practices and new forms of collaboration between Governments, the private sector and civil society.

The role of institutions and market regulations need to be thoroughly revised, and the role of the State must be redefined to generate the conditions that would place the region on a new path of sustainable development with equality.

It is with these issues in mind that we have prepared our programme of work, which you will have the opportunity to examine in the next section of the meeting, and which with your support, we will implement in the next biennium.

Friends,

Today we meet in Brazil, emboldened by prudent ambition. As we see it, this, and no other, is the time for “equality”: the time to examine our strengths and weaknesses head on, and the time to build on the experience of both the golden and the lost decades, as well as the painful lessons learned, to take the decision to close centuries-old gaps and open up new trails that will guarantee our citizens not only the right to a better future, but also, at last, to a better present.

Why are we embracing equality as our key value at this turning point in world history?

For several reasons: some deeply rooted in our origins as nations, others associated with developments arising several generations later.

Indeed, inequality has permeated five centuries of racial, ethnic and gender-based discrimination in the region, in societies where people are divided into first- and second-class citizens and suffer the worst income distribution in the world. It has reared its ugly head again in recent decades with the worsening of the structural heterogeneity of productive opportunities, the deterioration of labour conditions and the segmentation of access to social protection, and become even more apparent in the asymmetries generated by globalization.

Yet the more prevalent the inequality, the more profound the desire for equality, especially when the course of history is suddenly interrupted by a worldwide crisis which the future demands be converted into an opportunity to chart a new course. In this way, the crisis that broke out on a global scale in 2008 is a point at which equality appears once again as an intrinsic value of the development that we are pursuing. In attempting to narrow these gaps, society moves from an individual to a collective approach and seeks to stitch up the wounds of inequality with the threads of social cohesion. The pro-equality agenda that we are proposing to the Governments of the region rests on the following pillars:

Equality of rights, which provides the framework and basis for regulating social covenants that generate greater opportunities for those who have less.

A fiscal covenant that envisages tax structures and tax burdens with a greater redistributive effect and can strengthen the role of the State and public policy to ensure that the well-being threshold is respected; together with labour institutions that protect job security.

A democratic order in which the course of development reflects the will of the majority and enables all stakeholders to participate.

A set of economic policies implemented with a long-term vision of production, labour, and social and territorial development that seeks not only equal opportunities, but also concrete achievements in terms of narrowing existing gaps.

Social equality and buoyant economic growth are not opposing goals; the challenge is to find the synergies between them. What we propose points towards this: growing to equalize and equalizing to grow. Within our long-term strategy, equality, economic growth and environmental sustainability must go hand in hand.

We therefore propose growth with less structural heterogeneity and more productive development, and the pursuit of equality through the enhancement of human capacities and the mobilization of State energies. We want to reverse the huge disparities in the region by building more cohesive societies around production dynamics, and constructing positive social and territorial synergies. We also propose strengthening the protection of individuals through improvements in labour markets, transfers and public administration. Lastly, in considering the value of equality and its interaction with growth, we cannot ignore climate change, a phenomenon which will shape the future of all humankind. In this context, equality means solidarity with future generations, whose situation will be marked by greater uncertainty and by a greater scarcity of natural resources. It also means

calling for international agreements to mitigate the impact of climate change that adhere to the principle of common but differentiated responsibilities so as to ensure that it is not the poor or poor countries who end up bearing the brunt of the costs of climate change. It means rethinking the development paradigm on the basis of more compassionate and benevolent relationships among all peoples and of a more environmentally-friendly relationship with nature.

In the political sphere the State plays a leading role which it cannot abdicate. It must ensure more democracy and more equality, two sides of the same political coin. As regards democracy, the State must strive to improve the quality of political action in its procedures, through a strategic agenda reflecting the deliberations of a broad spectrum of stakeholders and through popular will expressed in covenants that provide political legitimacy and ensure the application of medium- and long-term policies. As regards equality, the State must focus on increasing the participation of the excluded and vulnerable sectors in the fruits of growth. For this purpose, the full exercise of rights and of a public voice is the link between political action and social equality.

State policies are needed that can work together to stimulate growth, promote productivity, improve territorial interconnectivity, foster better employment conditions, improve labour institutions and provide public goods and social protection with a clearly universalist and redistributive vocation. These are the complex, time-consuming issues that the ECLAC proposal addresses. They will require hard work on the technical front, as well as social covenants and agreements on development financing. They form part of a threefold challenge: to boost the economies of the region in order to achieve development, to use new policy instruments to deal with the crisis and its antecedents, and to eliminate the region's long-standing legacy of inequality and social exclusion.

This in turn underscores the urgent need to reform taxation and transfer systems, generate greater fiscal capacity and establish social solidarity as the main driver of collective activity.

Distinguished delegates,

As Celso Furtado said in his work, *Organized Fantasy*, there are moments in history in which societies must be capable of recognizing the options before them and understand that their destiny depends also on them.

Dear friends,

If Brasilia is the metaphor for decisive public policies and realistic ambition, and if we are convinced that this, and no other, is the time for equality, our only destiny is to become “*novos candangos da igualdade*”, as the Brazilians might put it, or in English, the pioneering builders of equality, and thus fulfil our mandate and contribute to the construction of a Latin American and Caribbean region that offers a better present and a better future for all.

Thank you very much.