

# Horizons **2030**

## Equality at the Centre of Sustainable Development



**Alicia Bárcena**

Executive Secretary



**Thirty-sixth  
session  
of ECLAC**

Mexico City,  
23-27 May 2016

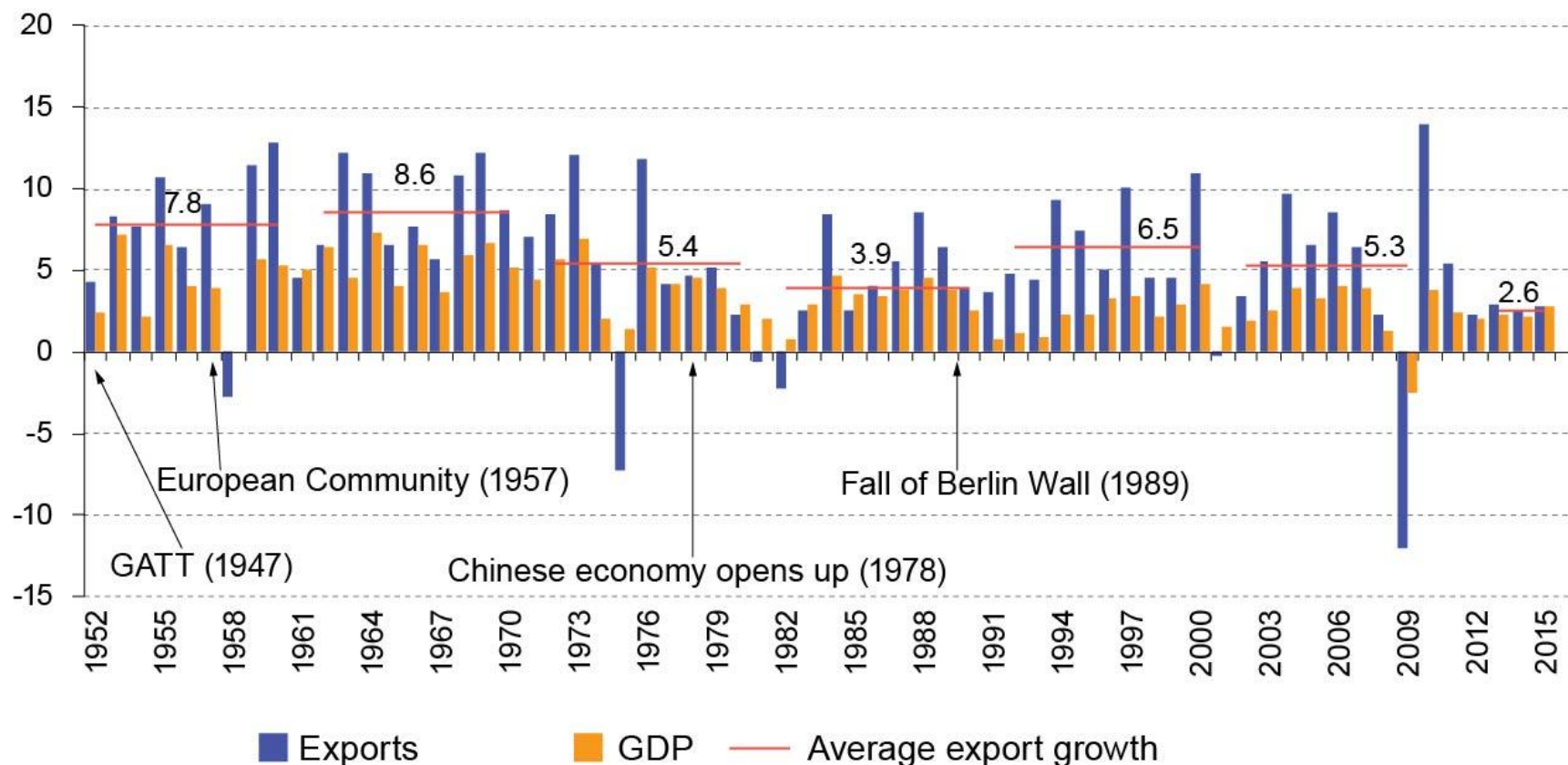
# Why is the prevailing development pattern unsustainable?

- Because it is associated with falling growth in production and trade (recessionary bias) and financial system decoupling
- Because it is associated with heightened inequality and has serious social, political and economic consequences
- Because it is causing often irreversible environmental degradation with potentially disastrous consequences for the planet



# Recessionary bias: growth in world GDP and trade has fallen

WORLD: ANNUAL VARIATION IN THE VOLUME OF GOODS EXPORTS AND IN GDP, 1952-2015  
(Percentages)



Source: ECLAC, *Latin America and the Caribbean in the World Economy 2015*.



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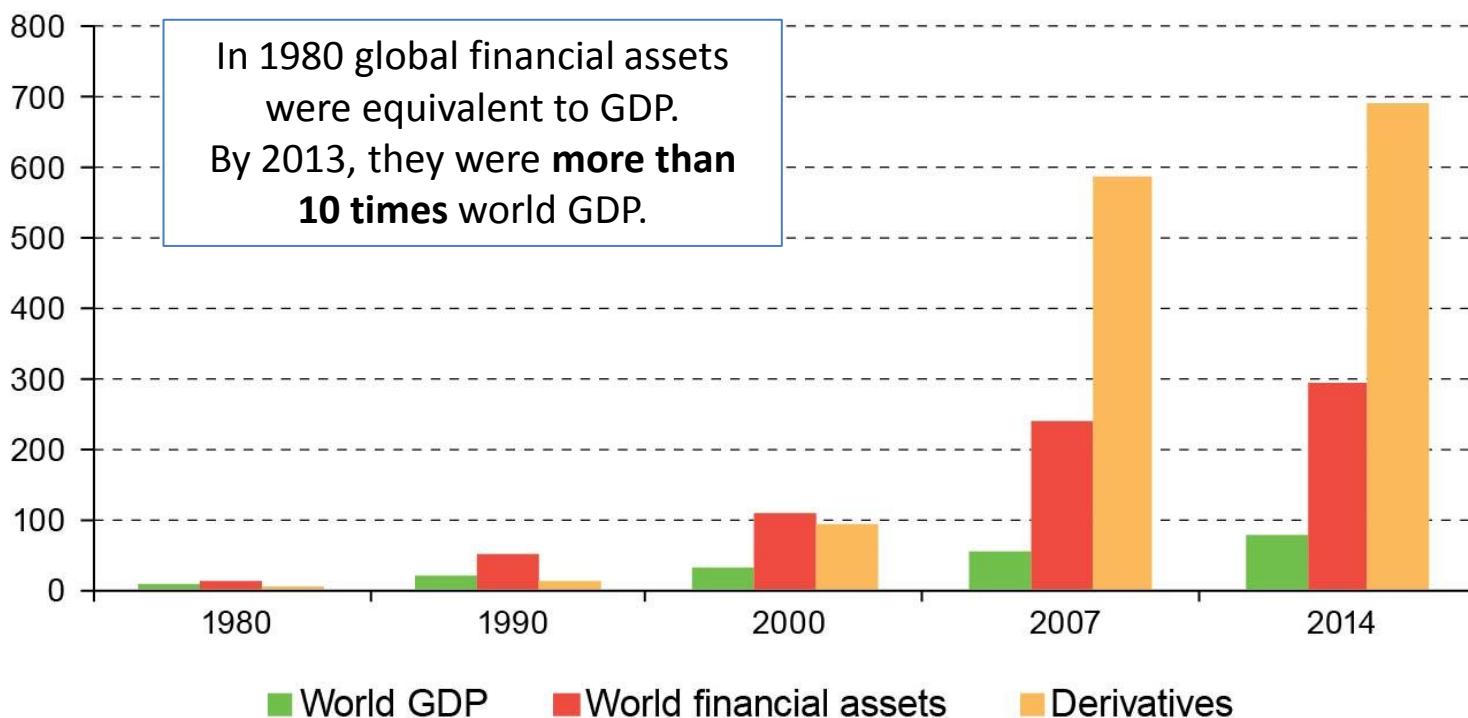


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# Surplus liquidity and lack of demand: the financial sector is decoupled from the real economy

## DECOUPLING BETWEEN INTERNATIONAL FINANCE AND THE REAL ECONOMY: WORLD NOMINAL GDP, FINANCIAL ASSETS AND FINANCIAL DERIVATIVES, 1980-2014

(Trillions of dollars)



Source: ECLAC, on the basis of figures provided by the Bank for International Settlements (BIS) and World Bank, World Development Indicators, 2015.



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# A world that is more integrated, but more unequal

WORLD: WEALTH OF POOREST 50% OF THE POPULATION AND 62 RICHEST INDIVIDUALS  
(Billions of dollars)



Source: Oxfam, "An Economy for the 1%", 2016 [online] [https://www.oxfam.org/sites/www.oxfam.org/files/file\\_attachments/bp210-economy-one-percent-tax-havens-180116-en\\_0.pdf](https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/bp210-economy-one-percent-tax-havens-180116-en_0.pdf)



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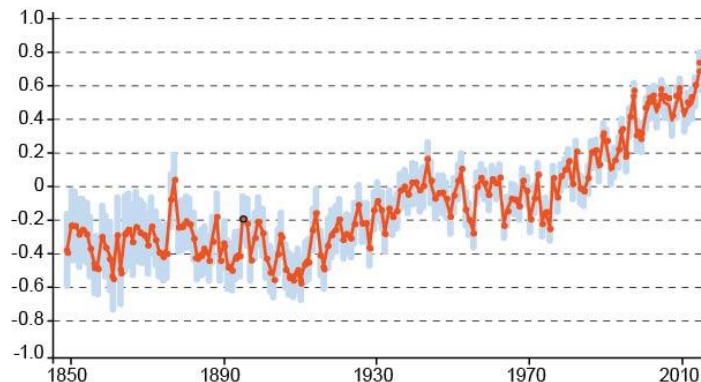
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# “The greatest market failure the world has ever seen”

## ENVIRONMENTAL IMPACT OF THE PREVAILING GROWTH PATTERN

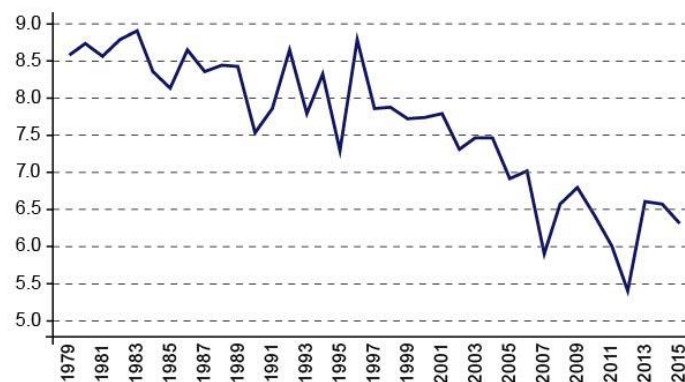
A. Anomalies in the combined land and ocean surface temperatures, 1850-2015

(Degrees Celsius, temperature difference every year with respect to the average for 1961-1990)

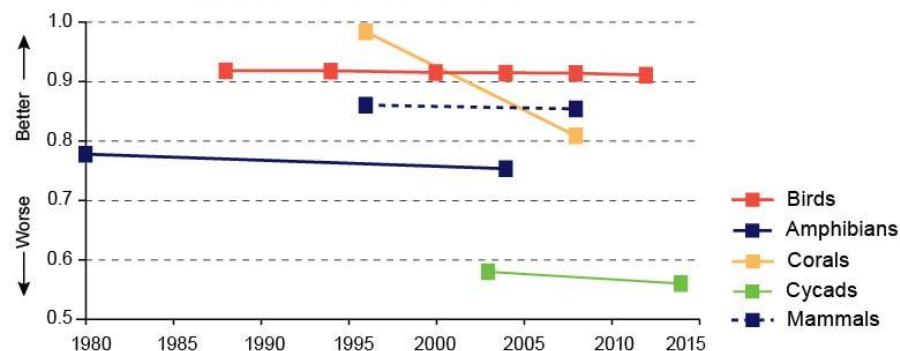


B. Summer Arctic sea ice extent, 1979-2015

(Millions of square kilometres)



C. Index of the Red List of Threatened Species of mammals, birds, amphibians, corals and cycads of the International Union for Conservation of Nature and Natural Resources (IUCN), 1980-2014



Source: ECLAC, on the basis of World Bank, World Development Indicators and International Union for Conservation of Nature (IUCN).



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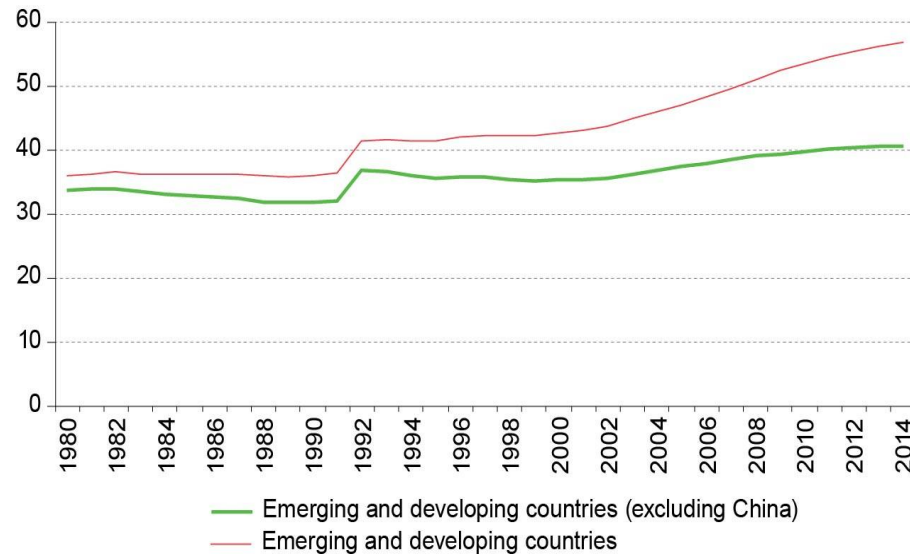
## Change of era with tectonic shifts

- Emergence of China as a world power
- Reorganization of trade under mega-agreements
- Fourth industrial revolution with an impact on the world of work
- Demographic transition: lower population growth, population ageing and high rates of South-North migration
- Climate change and global environmental degradation



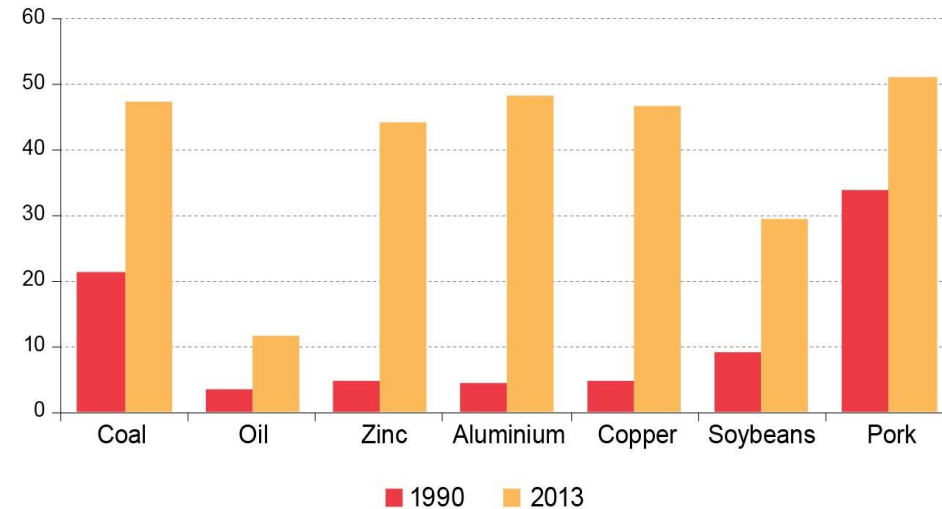
# China is redefining platforms and strategies in the international economy

**EMERGING AND DEVELOPING COUNTRIES:  
CONTRIBUTION TO GLOBAL GDP, 1980-2014**  
(Percentages)



**Source:** ECLAC, on the basis of International Monetary Fund (IMF), World Economic Outlook (WEO) Database, April 2015.

**CHINA: SHARE OF GLOBAL CONSUMPTION OF  
SELECTED PRODUCTS, 1990 AND 2013**  
(Percentages)



**Source:** ECLAC, on the basis of data from the Food and Agriculture Organization of the United Nations (FAO), FAO Statistical Database (FAOSTAT), World Bureau of Metal Statistics, United States Energy Information Administration and World Steel Association.



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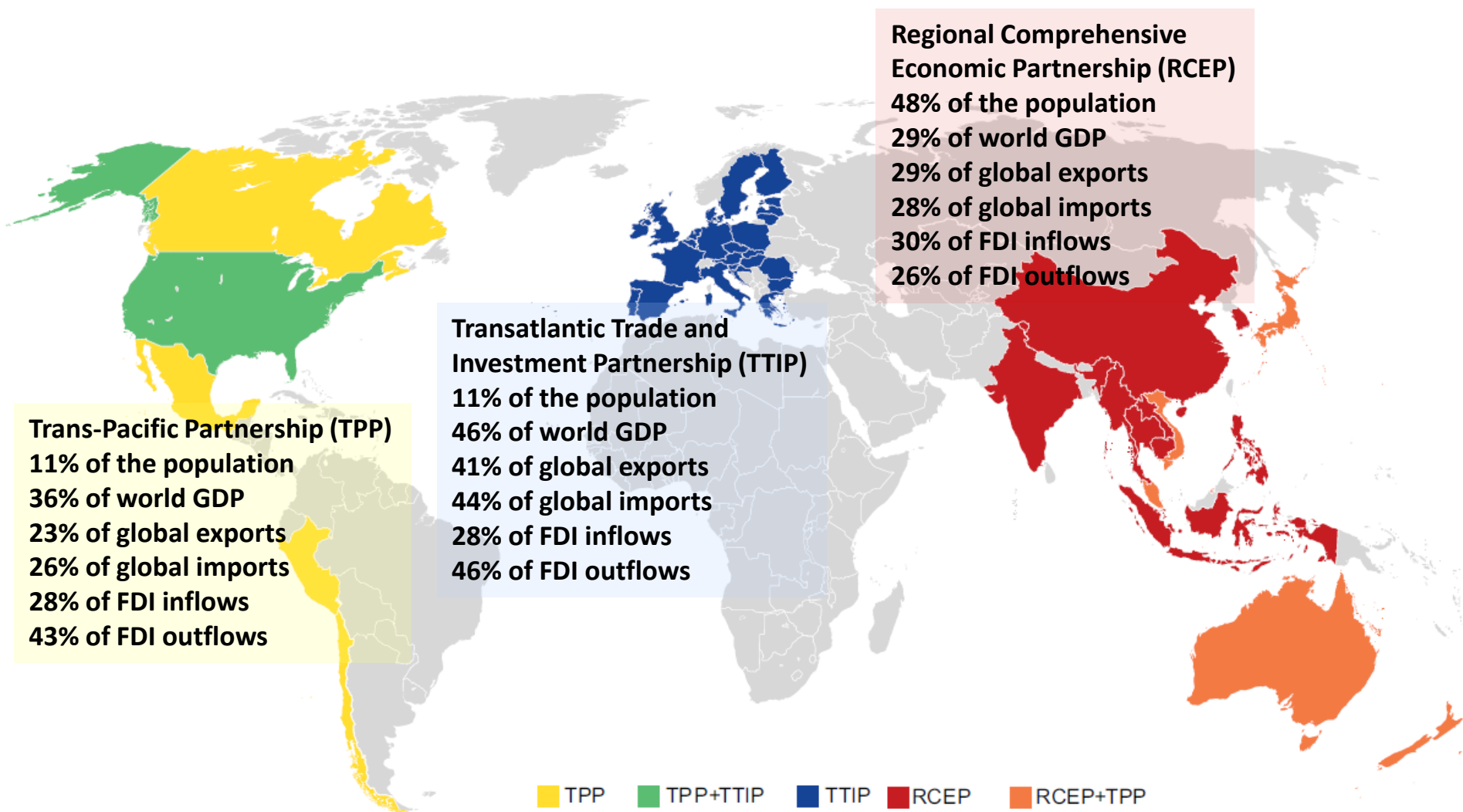
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# Mega-agreements in the international economy



Source: ECLAC, on the basis of official information.



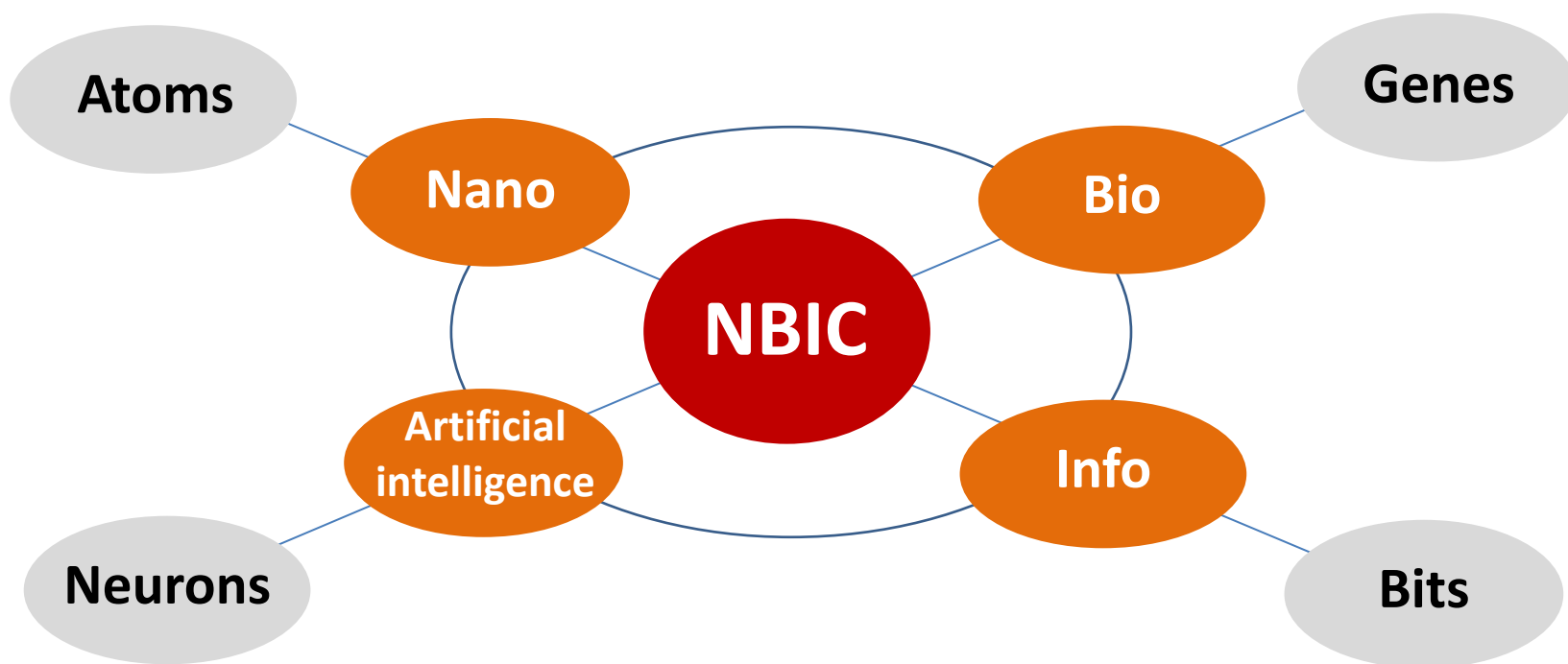
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# The convergence of trajectories is accelerating the technology revolution



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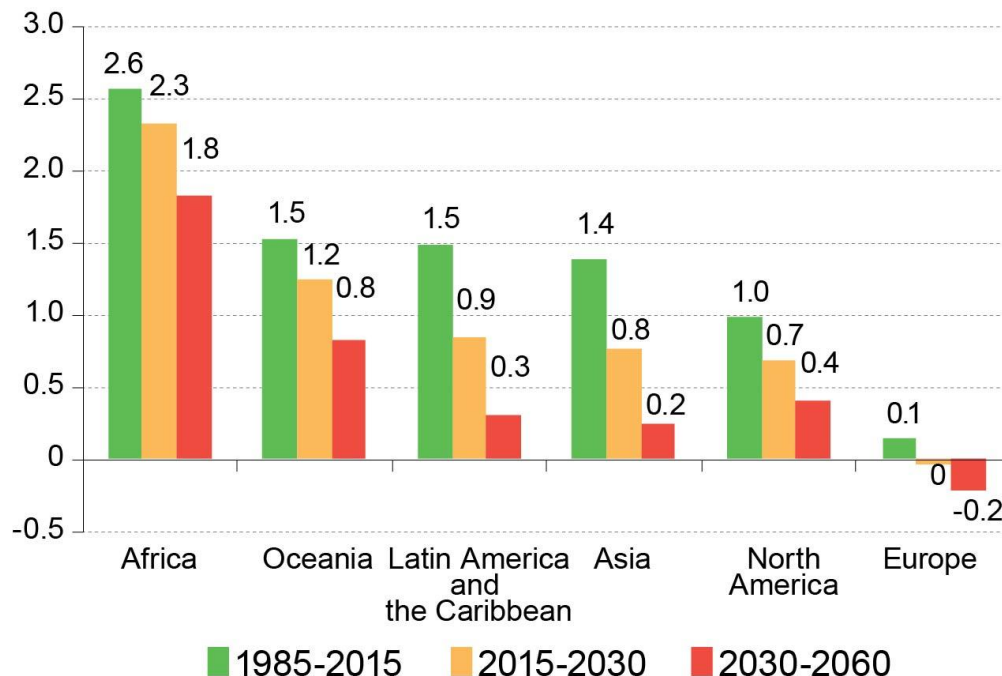
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# Demographic asymmetries and unprecedented migratory flows

WORLD: POPULATION GROWTH RATES BY REGION,  
1985-2015, 2015-2030 AND 2030-2060  
(Percentages)



- Migrants: 60 million from South to North
- People in humanitarian emergencies: 125 million

Source: ECLAC, on the basis of United Nations, "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables", Working Paper, No. ESA/P/WP.241, Population Division, 2015 [online] <http://esa.un.org/unpd/wpp/>.



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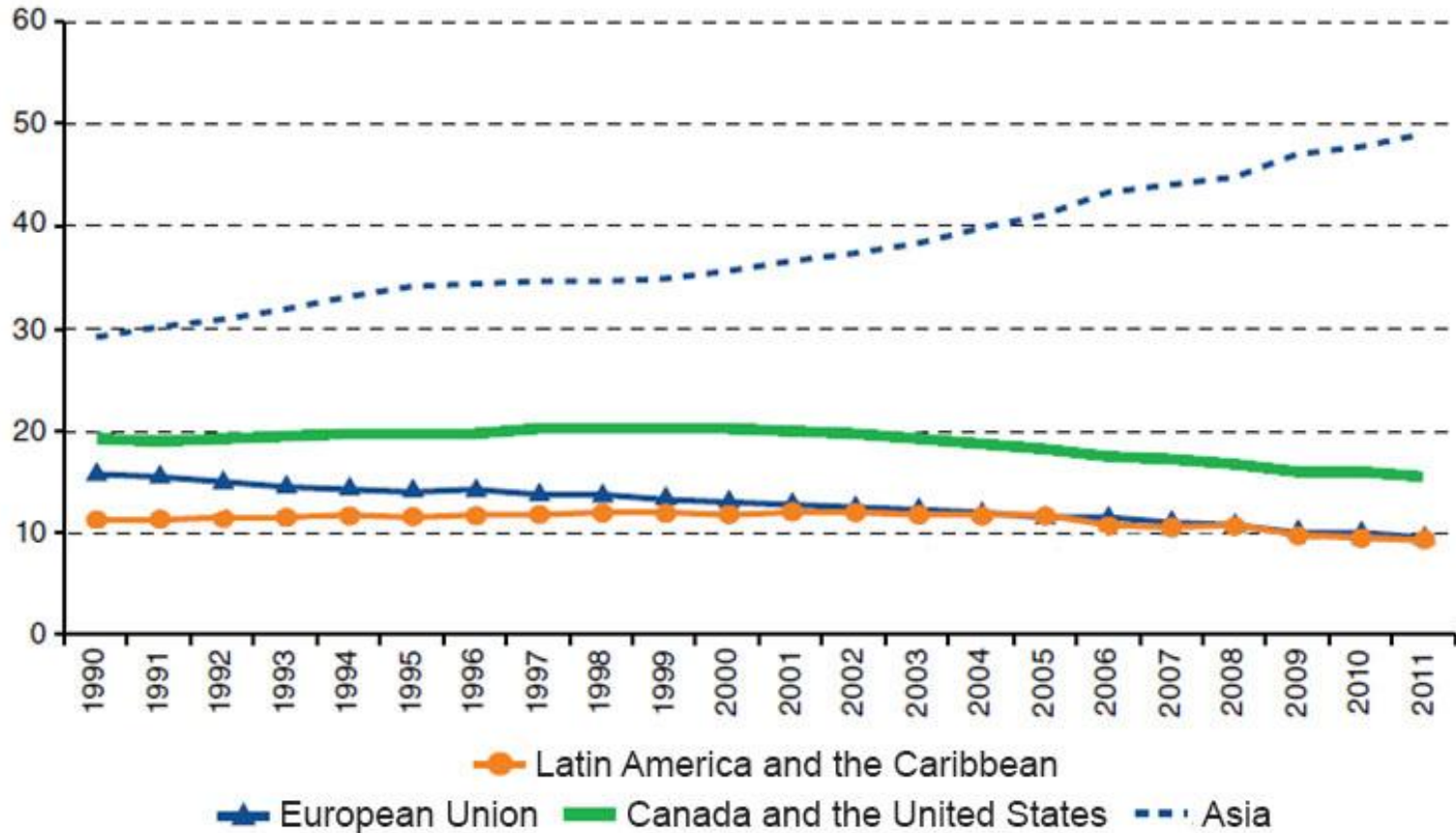
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# Climate change: world average greenhouse gas concentration at around 400 ppm

SELECTED REGIONS AND COUNTRIES: GREENHOUSE GAS EMISSIONS BY REGION, 1990-2011  
(Percentages of world total)



Source: ECLAC, on the basis of World Resources Institute (WRI), Climate Analysis Indicators Tool (CAIT) 2.0. ©2014. Washington, D.C. [online]  
<http://cait2.wri.org>.



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# The international community has responded to cumulative imbalances

- It is increasingly clear that business as usual is unsustainable
- The outline for a new development pattern was mapped out through an open discussion process
- That outline was adopted in the form of the 2030 Agenda and the SDGs by the General Assembly in September 2015



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# How should the region tackle the 2030 Agenda?

## The region is falling behind

- Slower growth than in more dynamic world regions
- Trade slowdown
- Little investment in physical infrastructure, human resources and R&D
- Persistent external vulnerability

## Persistent structural imbalances

- Undiversified production structure
- Lags in innovation efforts and performance
- Poverty and income concentration
- Vulnerability to climate change

## Horizons 2030: proposals for the region

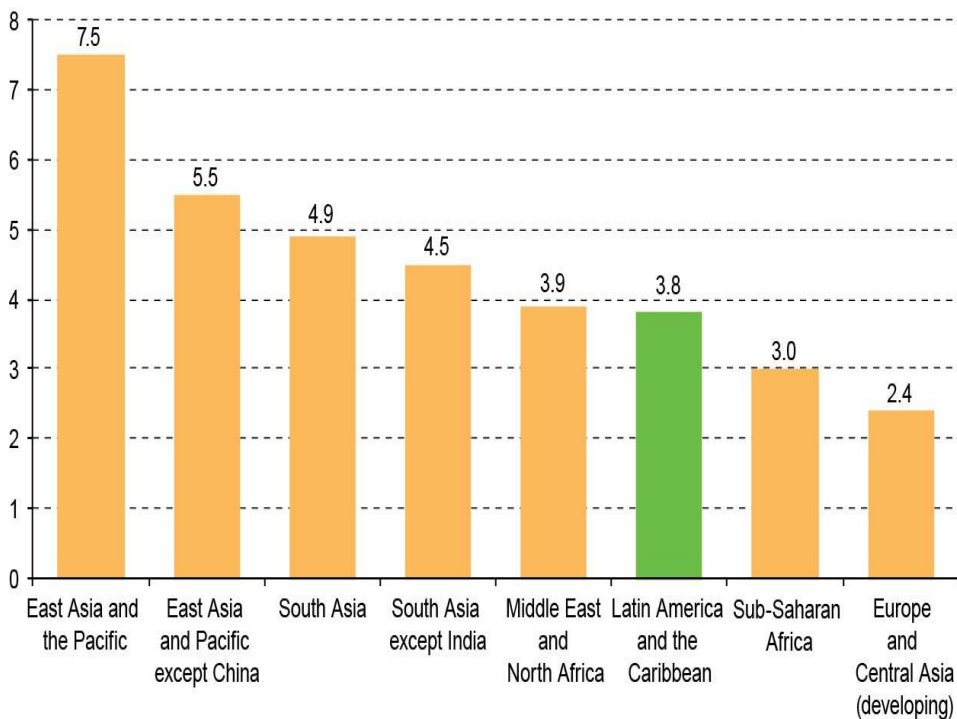
- Governance for the creation of global public goods
- Strengthening regional action and agreements
- National policies for progressive structural change



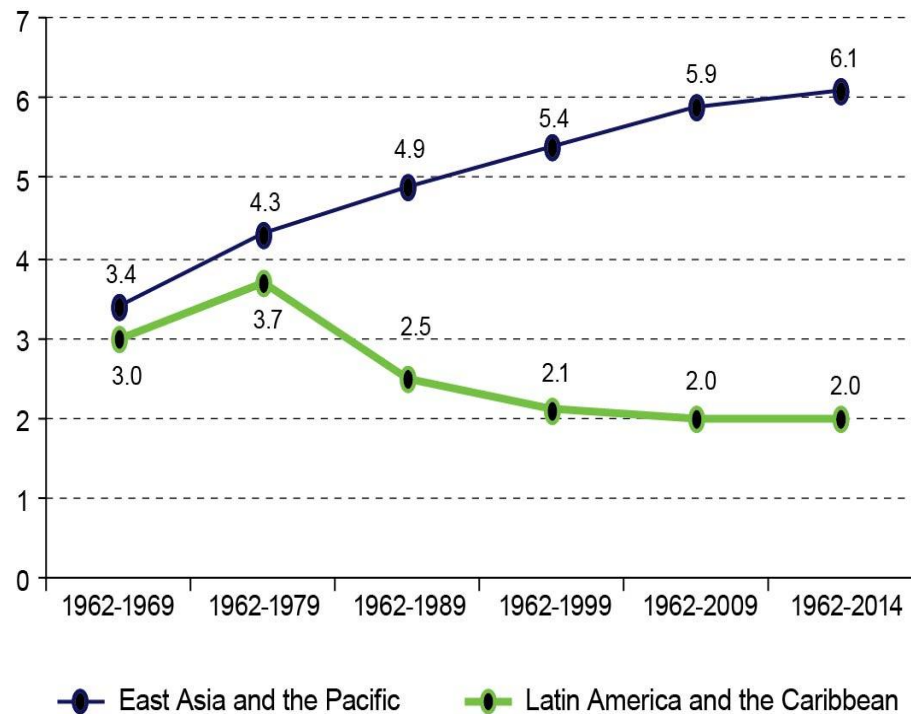


# The region is falling behind

**WORLD (SELECTED REGIONS): LONG-RUN REAL GDP GROWTH RATES, 1960-2014**  
(Percentages)



**LATIN AMERICA AND THE CARIBBEAN AND EAST ASIA AND THE PACIFIC: REAL PER CAPITA GDP GROWTH, 1962-2014**  
(Percentages)



Source: ECLAC, on the basis of World Bank, World Development Indicators, 2015.



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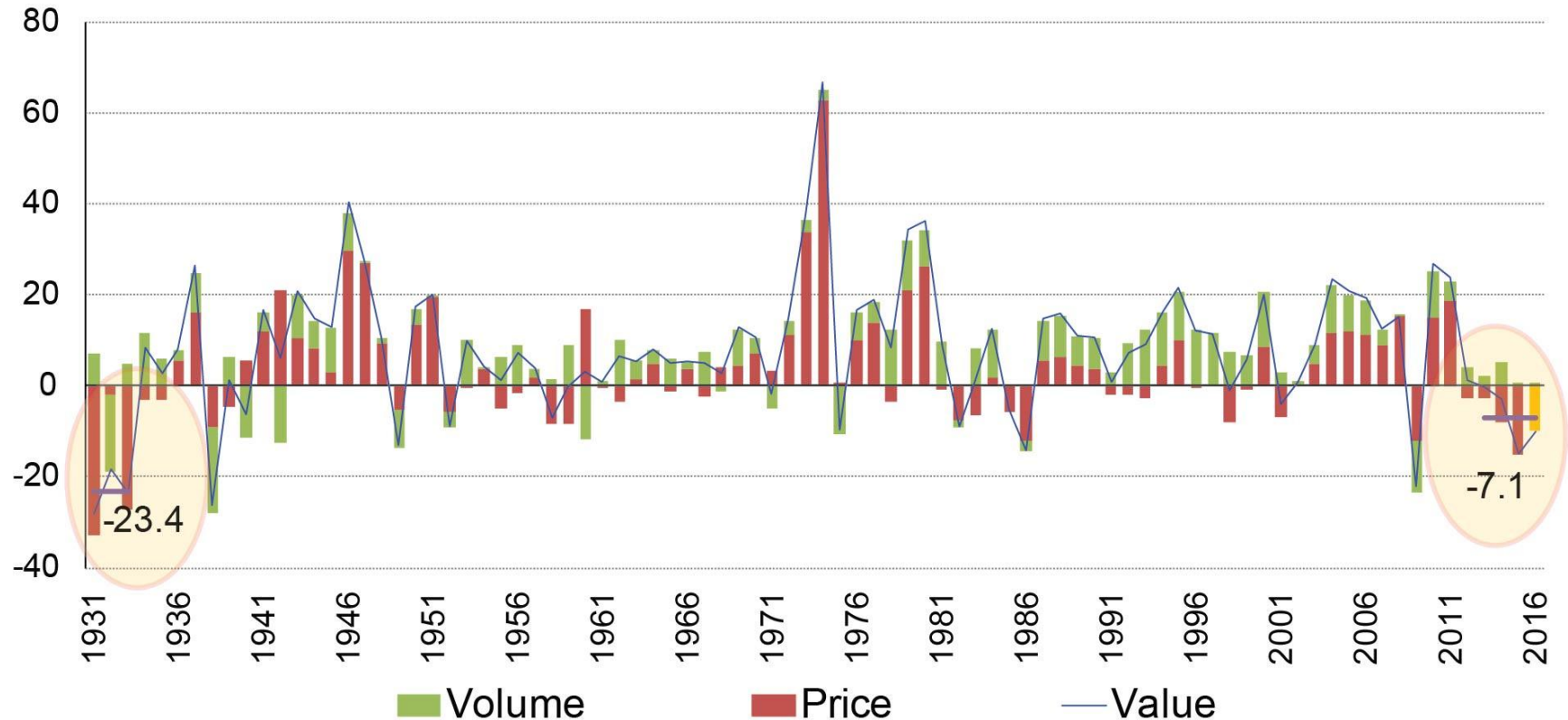
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# Between 2012 and 2016, the region saw its worst export performance in eight decades

LATIN AMERICA AND THE CARIBBEAN: VARIATION IN THE RATE OF EXPORT GROWTH BY VALUE AND VOLUME, 1931-2016  
(Percentages)



Source: ECLAC, on the basis of ECLAC, "América Latina: relación de precios de intercambio", Cuadernos Estadísticos de la CEPAL, No. 1, Santiago, 1976, and data from regional indices.



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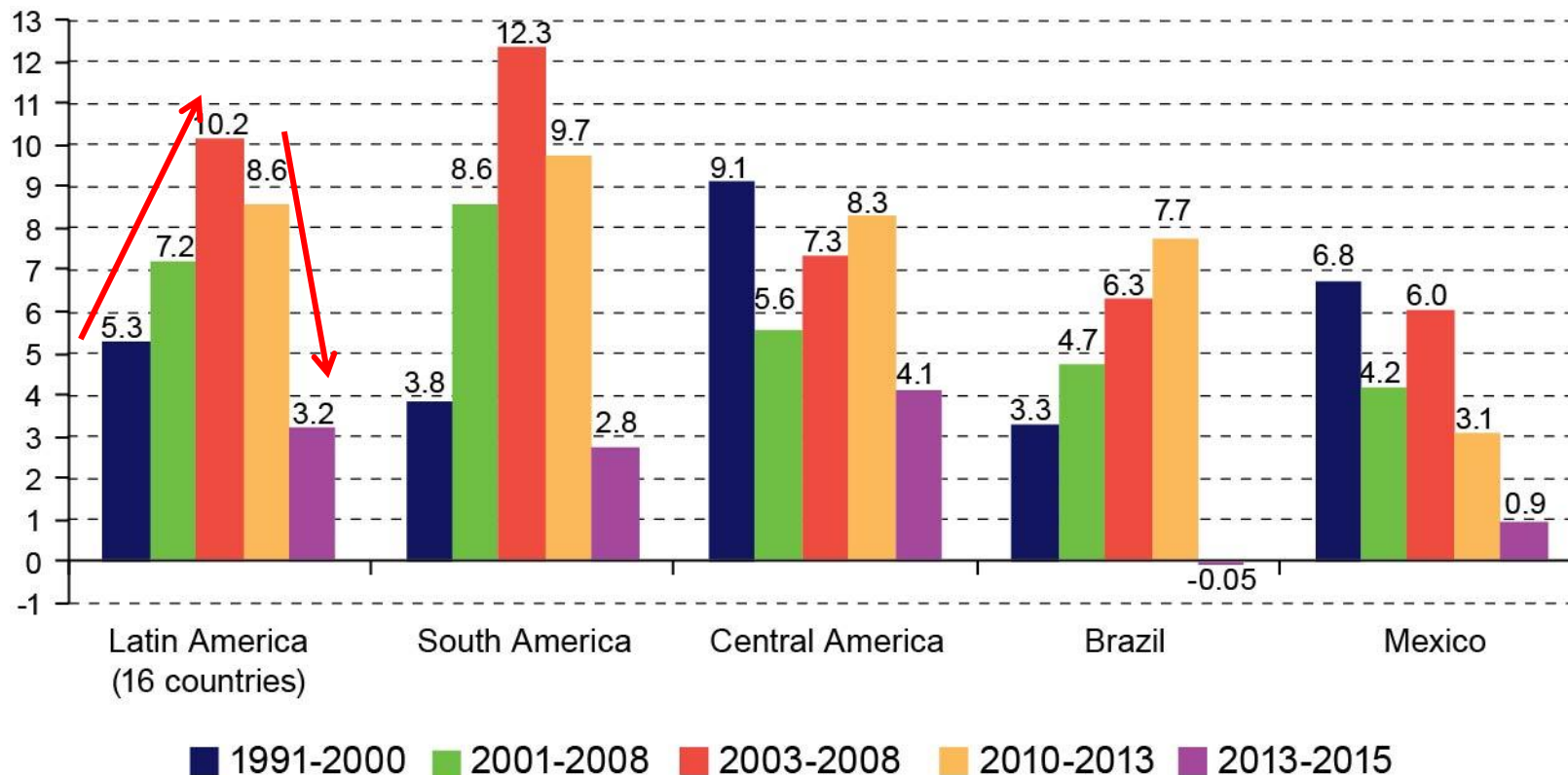
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# The break in the investment cycle is hindering capacity-building

LATIN AMERICA: RATES OF CHANGE IN REAL-TERM GROSS FIXED CAPITAL FORMATION,  
1991-2000, 2001-2008, 2003-2008, 2010-2013 AND 2013-2015  
(Percentages)



Source: ECLAC, CEPALSTAT database, on the basis of official figures.



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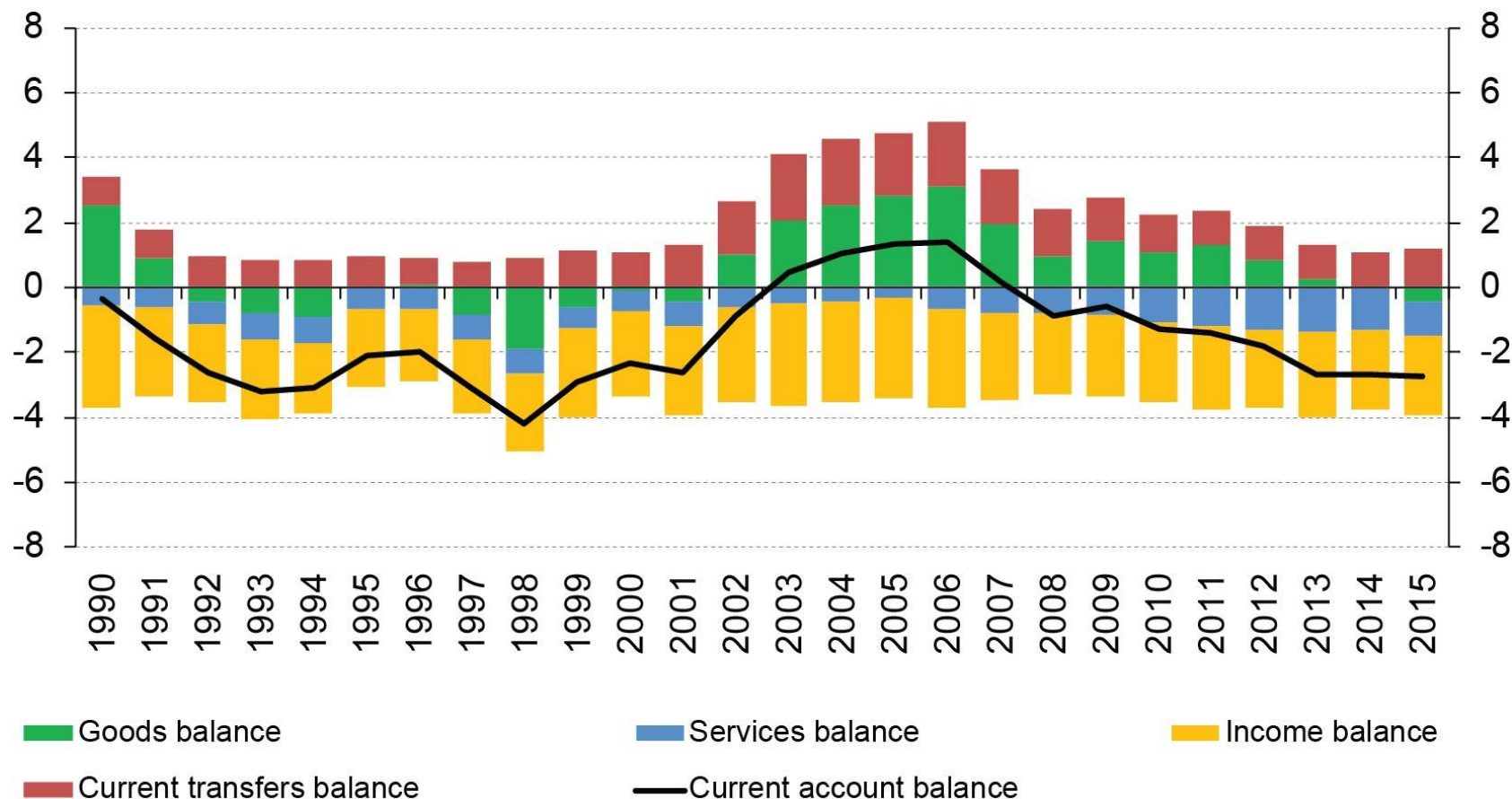


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# Latent external vulnerability

## LATIN AMERICA AND THE CARIBBEAN: CURRENT ACCOUNT BALANCE AND COMPONENTS, 1990-2015

(Percentages of GDP)



Source: ECLAC, on the basis of official figures.



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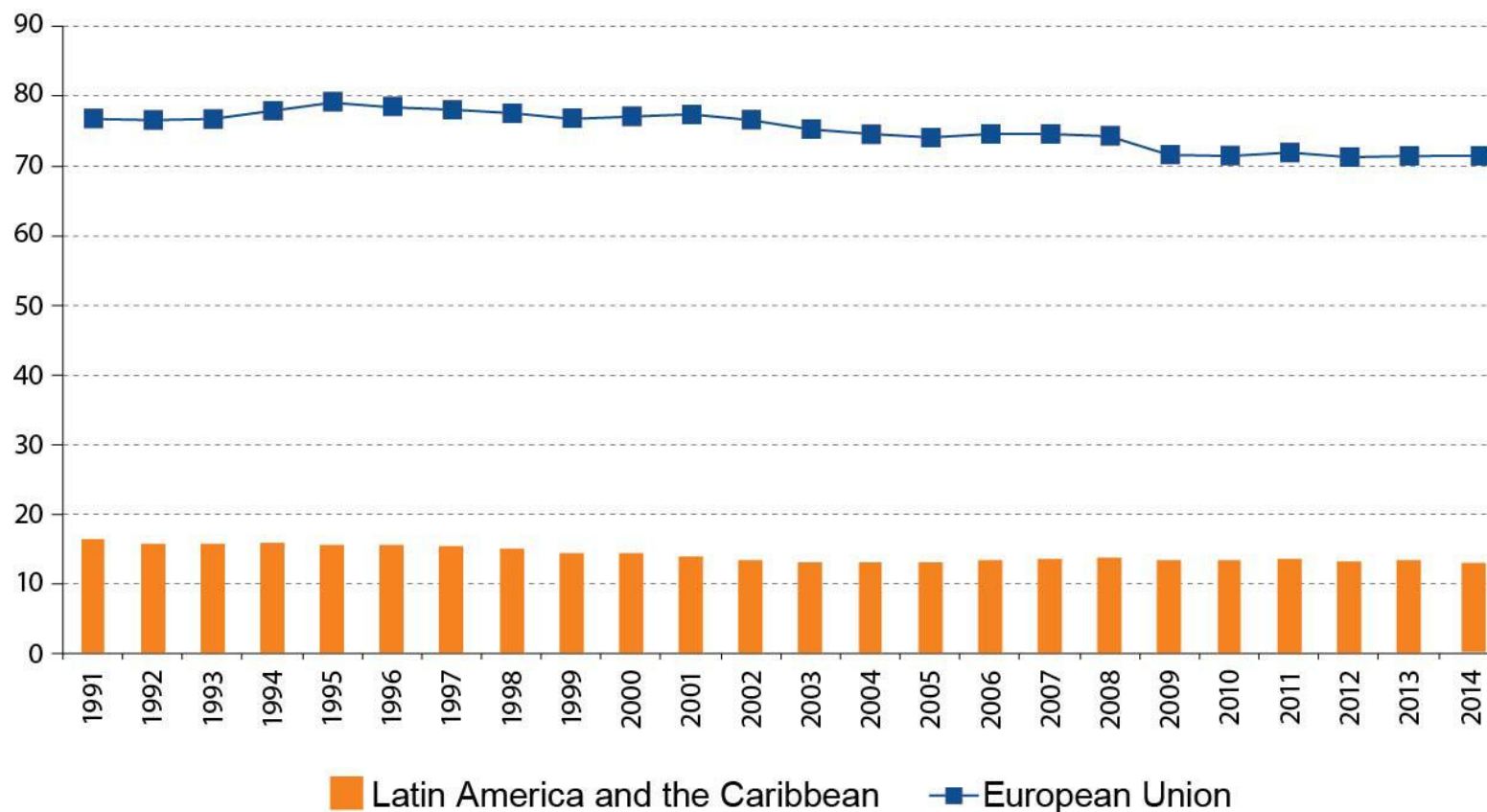
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# Long-run social achievements are being compromised by the persistent productivity gap

LATIN AMERICA AND THE CARIBBEAN AND THE EUROPEAN UNION:  
RELATIVE PRODUCTIVITY WITH RESPECT TO THE UNITED STATES, 1991-2014  
(Percentages)



Source: ECLAC, "The European Union and Latin America and the Caribbean in the new economic and social context", 2015.



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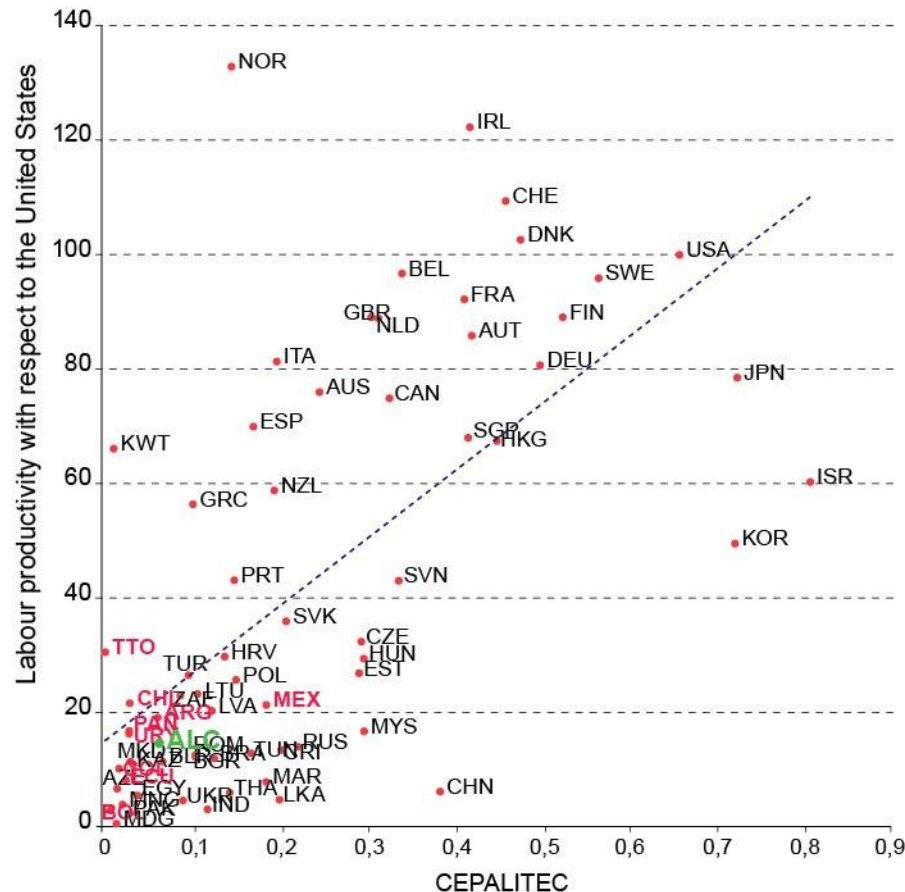


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# Undiversified production structure

**WORLD (SELECTED ECONOMIES): RELATIVE LABOUR PRODUCTIVITY WITH RESPECT TO THE UNITED STATES  
AND TECHNOLOGY INTENSITY INDEX, 2012**



CEPALITEC is an unweighted average of three indicators with values standardized between zero and one:

1. Medium- and high-tech exports as a percentage of total exports
2. The number of patents per million inhabitants
3. Spending on R&D as a percentage of GDP

**Source:** ECLAC, on the basis of United Nations Commodity Trade Statistics Database (COMTRADE), United States Patent and Trademark Office (USPTO), United Nations Educational, Scientific and Cultural Organization (UNESCO), Organization for Economic Cooperation and Development (OECD), Ibero-American Network of Science and Technology Indicators (RICYT) and ECLAC.



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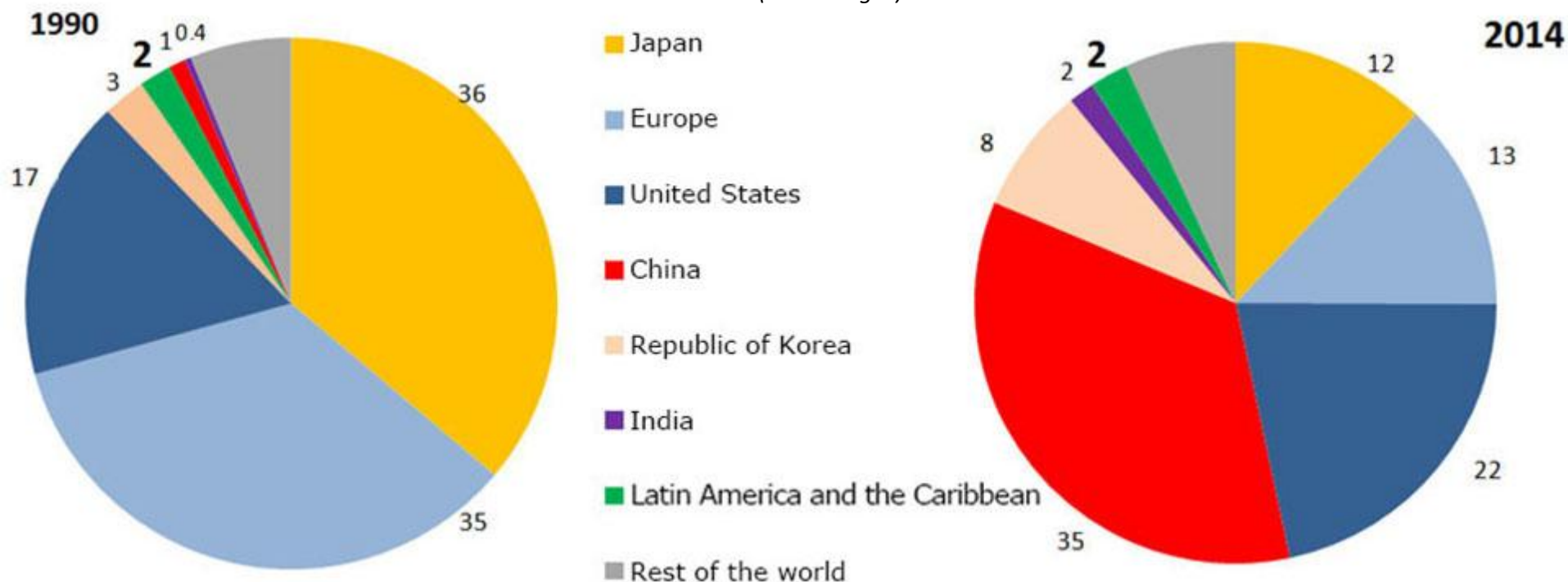


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# Performance (patents) gaps due to differences in R&D efforts— which China and Republic of Korea boosted from 2% to 4% of GDP

SHARE OF WORLDWIDE PATENT APPLICATIONS, RESIDENTS AND NON-RESIDENTS, 1990 AND 2014  
(Percentages)



Source: ECLAC, on the basis of statistical information from World Intellectual Property Organization (WIPO).



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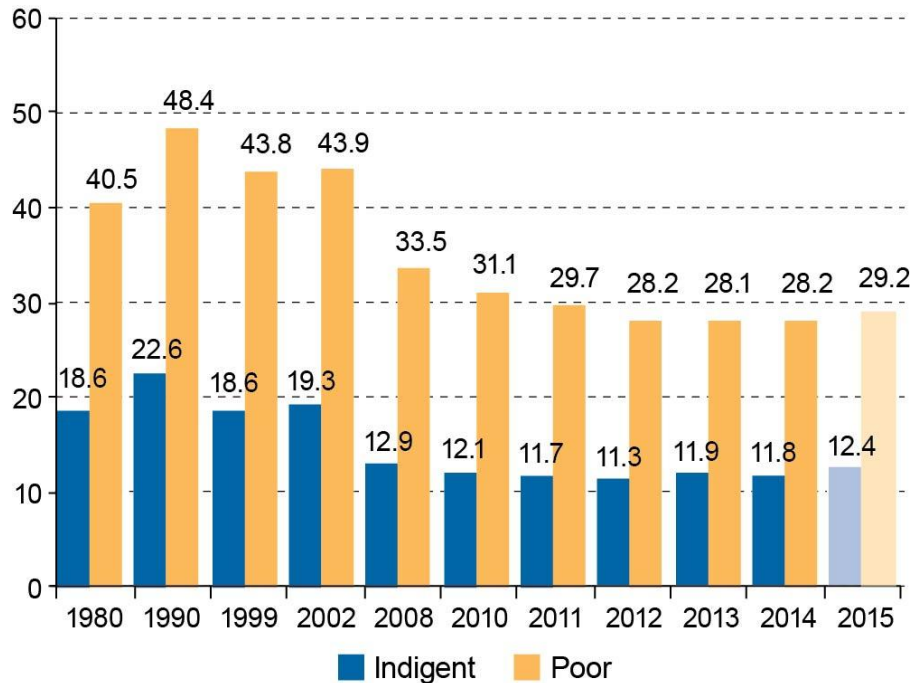
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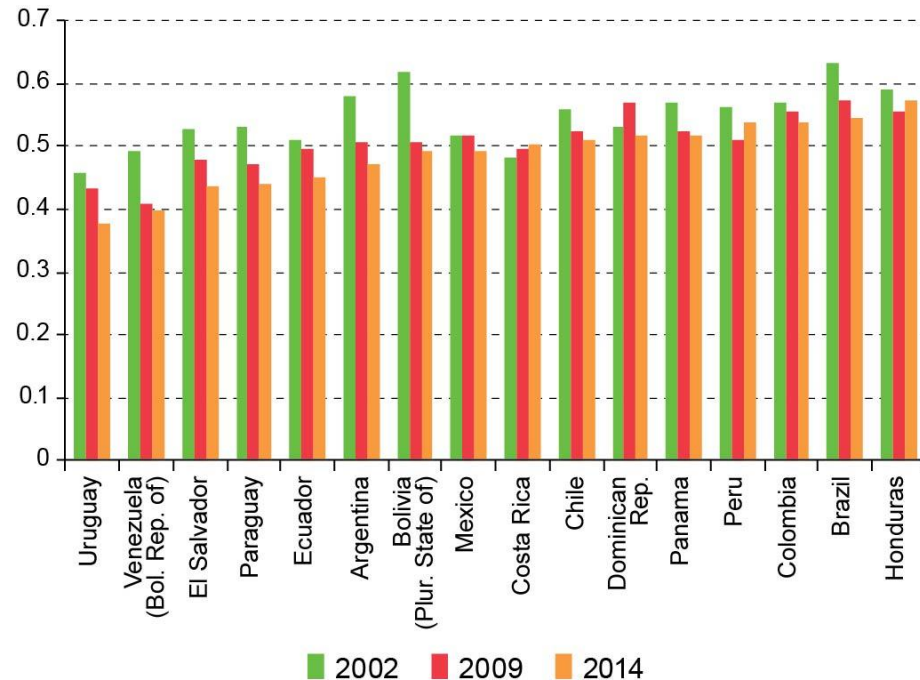
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# Progress in poverty reduction has plateaued since 2012

**LATIN AMERICA: POVERTY AND INDIGENCE, 1990-2015**  
(Percentages of people)



**LATIN AMERICA (16 COUNTRIES): GINI COEFFICIENT, 2002, 2009 AND 2014**



Source: ECLAC, on the basis of special tabulations of data from household surveys conducted in the respective countries.



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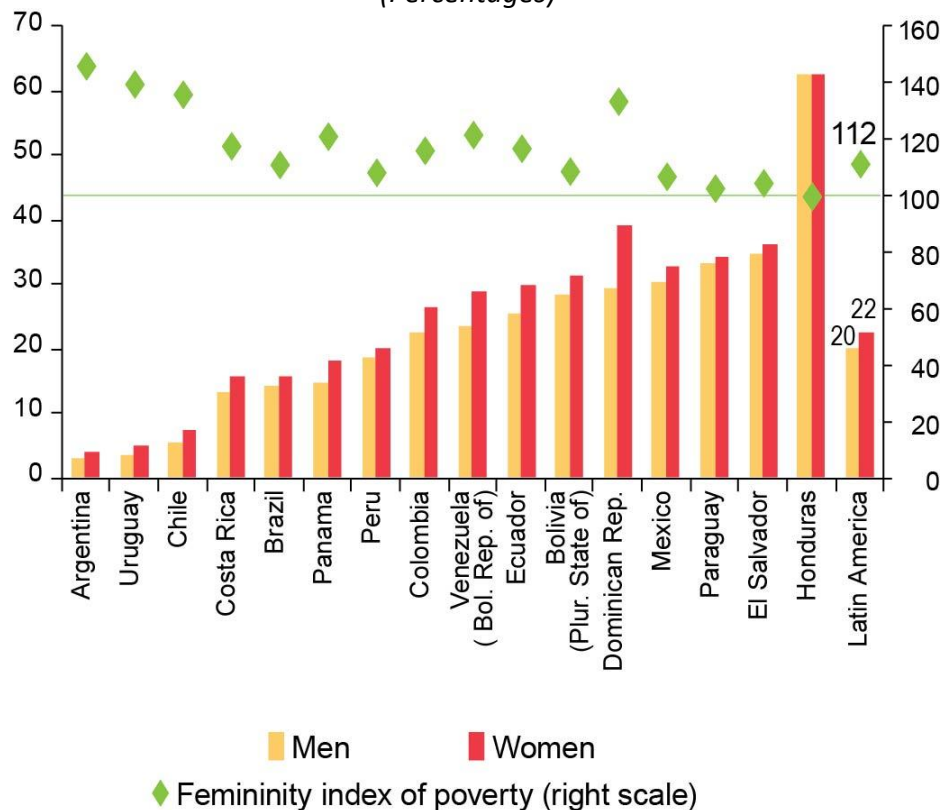
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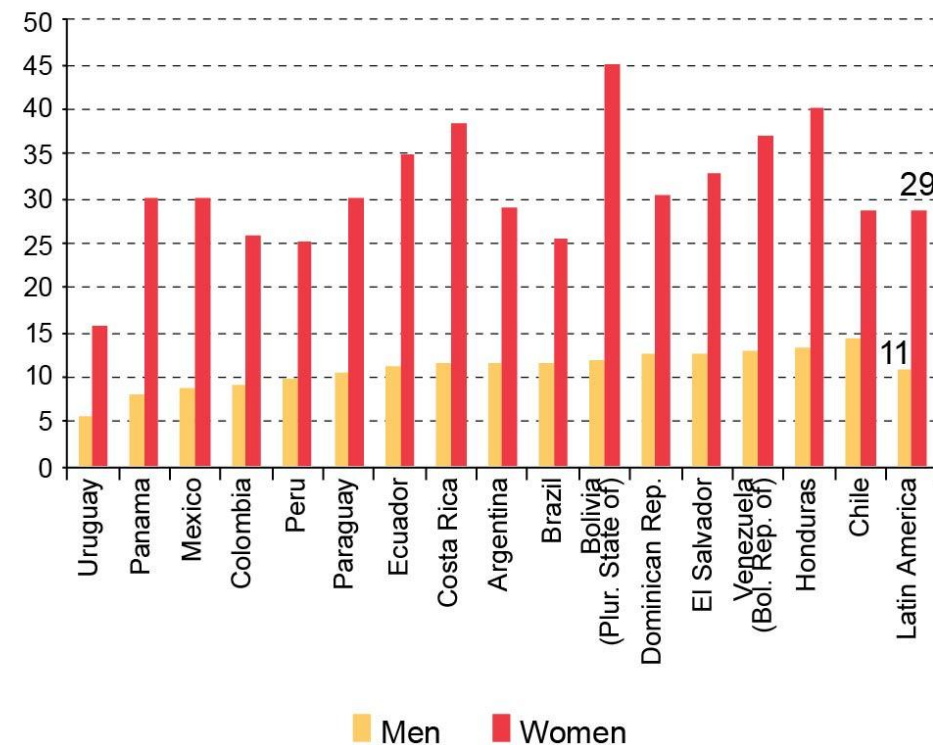
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# Only small differences between men and women in poverty measurements, but large gender gaps in the labour market

**LATIN AMERICA (16 COUNTRIES): PERSONS AGED BETWEEN 20 AND 59 LIVING IN POVERTY, BY SEX, AND POVERTY FEMININITY INDEX, AROUND 2013**  
(Percentages)



**LATIN AMERICA (16 COUNTRIES): PERSONS AGED BETWEEN 20 AND 59 WITHOUT THEIR OWN INCOME, BY SEX, AROUND 2013**  
(Percentages)



Source: ECLAC, on the basis of special tabulations of data from household surveys.



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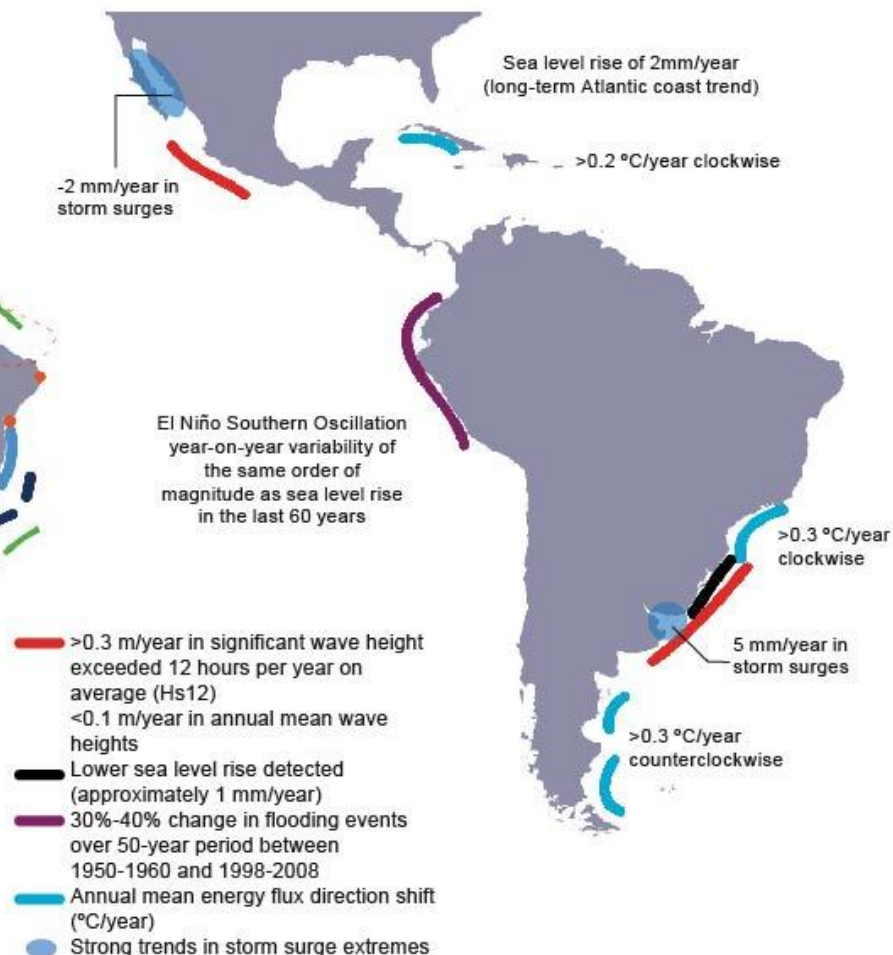
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# Climate-change impacts on coastal areas and coastal dynamics

## A. Coastal impacts



## B. Coastal dynamics



**Source:** G. Magrin and others, "Chapter 27. Central and South America", Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part B: Regional Aspects. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change, V. R. Barros and others (eds.), Cambridge, Cambridge University Press, 2014.



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# CURRENT DEVELOPMENT PATTERN



## TECTONIC SHIFTS

CHINA      MEGA-AGREEMENTS

TECHNOLOGY REVOLUTION      CLIMATE CHANGE      DEMOGRAPHIC SHIFTS

**2030 AGENDA FOR SUSTAINABLE DEVELOPMENT**



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# Horizons 2030: Equality at the Centre of Sustainable Development



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# Well designed, but with major challenges for implementation

- Global **governance** to remedy financial and technological asymmetries between countries
- **Collective action for global public goods:** stable growth with full employment, preserving the ecological integrity of common resources and the global environment
- **Partnerships** for a “new development pattern” with a new equation between the State, the market and society
- **Institutions and models** for capacity-building
- **Follow-up mechanisms:** indicators and open government/State
- **Four pillars:** equality, progressive structural change, the relationship between economic phases and structure, and a new equation between the State, the market and society



# *Horizons 2030: Equality at the Centre of Sustainable Development*

- Development-theory-based analysis connecting the different parts of the Agenda
- Discusses the variables that affect implementation in the global and regional context
- Identifies global public goods and national policies for a new development pattern
- Analyses the international political economy and partnerships for the new pattern
- Driving progressive structural change to embed more knowledge into production, ensure social inclusion and tackle climate change
- Environmental big push for equality and sustainable development



# Horizons 2030

**New institutions and public-private partnerships**

**At the global level**  
Governance for creating  
global public goods

**At the regional level**  
Consolidating the  
regional contribution

**At the national level**  
Environmental big push

**Progressive structural change based  
on an environmental big push**

**Schumpeterian  
efficiency**  
Innovation- and learning-  
intensive sectors

**Keynesian efficiency**  
Expansion of aggregate  
demand and active  
fiscal policy

**Environmental efficiency**  
Economic growth and  
well-being with falling  
CO<sub>2</sub> emissions



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# Global public goods for low-carbon growth

- Coordinated effort to boost aggregate demand
- Regulation of the international financial system and control of tax evasion
- Multilateral mechanisms for technology transfer
- Internet governance and universal access to the data revolution
- Climate security and implementation of the Paris Agreement



# Strengthening regional action and agreements

- Financial safety nets, development banks and payments clearing system
- Fiscal, social and environmental standards to avoid predatory competition
- Digital common market
- Regional fund for technology and patents
- Regional value chains in environmental goods and services
- Debt relief for climate change adaptation in Caribbean countries



# National policies to build endogenous capacities

- Macroeconomics for development that bridges the short and the medium terms
  - Expansion of the fiscal space
  - Public and private investment
  - Macroprudential policies
- Selective adjustment to protect social policy
- Industrial and technology policies for an environmental big push





# An opportunity for structural change

- Production diversification, creating capacities to embed knowledge, increase social inclusion and protect the environment
- Industrial specialization with investments leading to:
  - Energy patterns with lower carbon emissions
  - Circular economy and less-polluting consumption
  - Smart cities
- Capacity-building demands education, universal protection and a society-wide care economy
- Job creation on low-carbon growth paths



# New partnerships built on seven pillars

- **Fiscal** compact with equality as its aim
- Compact for **investment and industrial policy**
- **Social and labour** compact
- Compact for greater **social well-being** and better **public goods**
- Compact for **environmental sustainability** and intergenerational solidarity
- Compact for **natural resources governance**
- Compact for development among the international community



# The proposal and the stakes

- This is a bid to achieve a new development pattern
- It is not a technical proposal, but a political undertaking
- It calls for clear leadership and changing the conversation between the State, the market and society
- We need a new set of institutions and partnerships for policymaking at the global, regional, national and local levels

***Equality is the goal, progressive structural change is the path and the art of politics and policymaking is the instrument***





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