Horizons 2030
Equality at the Centre of Sustainable Development

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

In 1980 global financial assets were equivalent to GDP. By 2013, they were more than 10 times world GDP.

Source: ECLAC, on the basis of figures provided by the Bank for International Settlements (BIS) and World Bank, World Development Indicators, 2015.
A world that is more integrated, but more unequal

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

“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).
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

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

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

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

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.
Mega-agreements in the international economy

Trans-Pacific Partnership (TPP)
- 11% of the population
- 36% of world GDP
- 23% of global exports
- 26% of global imports
- 28% of FDI inflows
- 43% of FDI outflows

Transatlantic Trade and Investment Partnership (TTIP)
- 11% of the population
- 46% of world GDP
- 41% of global exports
- 44% of global imports
- 28% of FDI inflows
- 46% of FDI outflows

Regional Comprehensive Economic Partnership (RCEP)
- 48% of the population
- 29% of world GDP
- 29% of global exports
- 28% of global imports
- 30% of FDI inflows
- 26% of FDI outflows

Source: ECLAC, on the basis of official information.
The convergence of trajectories is accelerating the technology revolution.
Demographic asymmetries and unprecedented migratory flows

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

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)

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
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)*


*(Percentages)*

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

The break in the investment cycle is hindering capacity-building


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


(Percentages of GDP)

Source: ECLAC, on the basis of official figures.
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)

Undiversified production structure

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

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).
Progress in poverty reduction has plateaued since 2012

**LATIN AMERICA: POVERTY AND INDIGENCE, 1990-2015**

(Percentages of people)


Source: ECLAC, on the basis of special tabulations of data from household surveys conducted in the respective countries.
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.
Climate-change impacts on coastal areas and coastal dynamics

A. Coastal impacts

- >2-3 mm/year in extreme flooding
- Generalized beach erosion due to sea level rise of 0.18 to 0.3 m/year

B. Coastal dynamics

- Sea level rise of 2 mm/year (long-term Atlantic coast trend)
- >0.2 °C/year clockwise
- -2 mm/year in storm surges

El Niño Southern Oscillation year-on-year variability of the same order of magnitude as sea level rise in the last 60 years

- >0.3 °C/year clockwise
- >0.3 m/year in significant wave height exceeded 12 hours per year on average (Hs12)
- <0.1 m/year in annual mean wave heights

- Lower sea level rise detected (approximately 1 mm/year)
- 30%-40% change in flooding events over 50-year period between 1950-1960 and 1989-2008
- Annual mean energy flux direction shift (°C/year)
- Strong trends in storm surge extremes
- 5 mm/year in storm surges

CURRENT DEVELOPMENT PATTERN

INEQUALITY  ENVIRONMENTAL CRISIS  RECESSIONARY BIAS

TECTONIC SHIFTS

CHINA
TECHNOLOGY REVOLUTION

MEGA-AGREEMENTS
CLIMATE CHANGE

DEMOGRAPHIC SHIFTS

2030 AGENDA FOR SUSTAINABLE DEVELOPMENT
Horizons 2030: Equality at the Centre of Sustainable Development

Alicia Bárcena
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 CO₂ emissions
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