



**Thirty-eighth
session of ECLAC**
26–28 October 2020

30 September 2020
ENGLISH
ORIGINAL: SPANISH

Thirty-eighth session of the Economic Commission
for Latin America and the Caribbean

Virtual meeting, 26–28 October 2020

**Guidelines for comments following the presentation of the position document prepared by ECLAC,
Building a New Future: Transformative Recovery with Equality and Sustainability, by Alicia Bárcena,
Executive Secretary of the Commission**

(Tuesday, 27 October 2020, 8-9.30 a.m. (Costa Rica time))

It is an honour for the Economic Commission for Latin America and the Caribbean (ECLAC) and the Government of Costa Rica that you will participate in the thirty-eighth session of the Commission, and especially in the round of comments following the presentation of the ECLAC position paper, *Building a New Future: A Transformative Recovery with Equality and Sustainability*.

The round of comments will take place on **27 October, between 8.00 and 9.30 a.m. (Costa Rica time)**.

In *Building a New Future: A Transformative Recovery with Equality and Sustainability*, ECLAC contends that global capitalism is facing growing imbalances that exacerbate its political and geopolitical tensions: uncertainty and rivalry predominate over rules and cooperation. At the international level, the governance that will emerge from changes in countries' military, technological and productive capacities is not defined; at the national level, political systems have been shaken by protests and demands stemming from a long history of unresolved problems, including persistent and even growing inequality. This situation is characterized by three structural crises that have got worse over the last five years: slower growth in world trade and the global economy, growing inequalities in most countries, and the threat of production and consumption patterns to the stability of the planet's ecosystem.

As a result of these three crises —and which in turn exacerbates them— the rules adopted in an effort to establish order in the international system have been eroded, while domestic political systems have become polarized and fragmented; both systems have become less stable. A situation similar to that of the international system can be seen in the national political and economic systems, with greater uncertainty and conflict. Profound transformations are being called for, to which governments have not known how to respond or have been unable to do so. The crises are products of decisions that led to the retrenchment of governments and a growing tolerance of inequality, poverty and environmental degradation.

The position document argues that global tensions are associated with three converging and mutually reinforcing crises: a crisis of global growth and international trade, which has not fully recovered after the great recession of 2008; a crisis associated with the persistence of, and in some cases increase in, inequality, with its political repercussions; and an environmental crisis that threatens the stability of the planet and call current production and consumption patterns into question. Understanding these three crises, how they are linked and how to respond to them so that policy instruments in each of these areas complement each other, requires an integrated analytical framework. The structuralist tradition in economic development provides the basis for building such an analytical framework.

A three-gap model is proposed in the document, defined by the difference between three growth rates. There is a maximum rate at which Latin America and the Caribbean can grow without breaching the external constraint; a maximum rate at which the region can grow (given the growth of the centre and the decarbonization rate) without jeopardizing the ecological system; and a minimum rate at which it must grow to achieve the goals of equality. Given the high inequality in Latin America and the Caribbean and the weakness of its specialization pattern, the growth rate for equality is higher than that which is compatible with the external constraint; and given the characteristics of the planet's predominant (carbon-intensive) production and consumption patterns, the maximum rate compatible with the external constraint is higher than the maximum rate compatible with the stability of the ecosystem.

These three rates define three gaps: the gap between the growth required for equality and the growth consistent with the external sector, or the “external gap”; that which exists between growth consistent with external balance and growth compatible with the stability of the planet, or the “environmental gap”; and that which exists between the growth rate required for equality and that which is compatible with the stability of the ecosystem, or the “sustainability gap”, the sum of the external gap plus the environmental gap.

As the growth rate for equality is the highest of the three, and given the centrality of equality in the definition of sustainable development, the aim of public policy must be for all the growth rates to converge to the level required for equality. There is said to be sustainable development when such convergence occurs and all three gaps are closed (all three growth rates coincide).

As we stand before the prospect of epochal change, more than one-off or palliative measures are called for. The change of era requires a new political age; economic structures and patterns of behaviour must be reshaped, and the culture of privilege must be replaced by a culture of equality that spreads skills and opportunities. This document represents a contribution to policymaking and the new economic thinking on development at a particularly sensitive time, given the social, political and economic upheavals across the international system.

The document has five chapters. Chapter I provides a diagnosis of the three crises at the global level and in Latin America and the Caribbean. Chapter II presents an analytical framework for discussing these crises in an integrated and systematic manner, using a three-gap model. Chapter III sets out studies of the quantitative impacts on growth, emissions, income distribution and the external sector in different policy scenarios, highlighting the potential of policies for a big push for sustainability to generate a growth path with equality and lower emissions. Chapter IV examines the sectoral dimension of high-impact policies, identifies the sectors that could act as major drivers of the economy in an environmentally sustainable direction, and discusses policies to promote them. Chapter V presents an analysis of the cross-cutting policies for the ECLAC development proposal, which links together the macroeconomic, social and environmental dimensions. The mechanisms of financing, taxation and extending the welfare state are combined to support progress towards a new development pattern, which should be supported by the relaunch of a long-delayed project: the economic integration of the region.

The panellists are invited to critically evaluate the position paper *Building a New Future: A Transformative Recovery with Equality and Sustainability*, analysing and contrasting the ideas and arguments presented, and giving their thoughts thereon. Each panellist will have **10 minutes for his or her presentation** and will have a few extra minutes to develop their ideas in the light of the other comments, if necessary.

Modality: The meeting will be held virtually, through the Webex platform, for which the secretariat will send you a link in due course.

Date and time: Tuesday, 27 October 2020, 8–9.30 a.m. (Costa Rica time). To see the time in your country, you can check it here: <https://www.timeanddate.com/worldclock/?low=c&sort=1>.

Moderator: Rodolfo Solano Quirós, Minister of Foreign Affairs of Costa Rica

Languages: Statements can be made in Spanish, English or French, according to your preference. Simultaneous interpretation will be provided in those three languages.

Statements: You are kindly requested to send a written version of your statement by email to secretariadelacomision@cepal.org, so that it can be posted on the Commission's website for the session after delivery. Panellists who wish to give a slideshow presentation are asked to notify the secretariat by writing to the same email address in order to ensure that they will be able to share their screens.

Documentation: Documentation for the thirty-eighth session of ECLAC is available on the ECLAC website <https://periododesesiones.cepal.org/38/en>.