

# **TOWARDS INCLUSIVE DEVELOPMENT IN LATIN AMERICA AND CHILE**

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International seminar

ECLAC Main building, Room Celso Furtado,

Avda. Dag Hammarskjold 3477, Vitacura,

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Opening remarks

First of all I would like to express my gratitude to all of you having accepted our invitation to discuss at CEPAL, development affairs in Latin America especially in Chile and also questions of international global governance in times of crisis.

The Foundation for European Progressive Studies is very proud and honoured to be a partner in this event and to be so closely associated to the Initiative for Policy Dialogue. Many thanks in this regard to Stephany GRIFFITH-JONES and Jose Antonio OCAMPO as well as to Joseph STIGLITZ.

We are also honoured and delighted to be here together with the former President of Chile, Ricardo LAGOS ESCOBAR who was the inspiring personality in planning and shaping this conference right from the beginning of the initiative. Thank you so much Mr. President.

Ladies and Gentlemen,

The demand for inclusive development together with a new global agenda has never been greater. The current crisis brought us almost to a dead end – certainly more evident in the US and Europe than perhaps in the other continents. But nevertheless the situation is frightening.

Europe seems to be crumbling, the sovereign debt crisis threatened the whole European project. In Spain, in Britain and elsewhere the youth are no longer accepting promises for a better future, they are asking jobs for their decent life now. Older people are facing enormous difficulties to live with their pensions. And more and more unemployed have no chance to get back into jobs. Even in Germany where unemployment is fortunately declining, nearly one million people are jobless for years and years and covered by a social welfare system in danger. In other countries far right movements are growing very fast like in France or in Eastern Europe and individuals such as the Norwegian murdering perpetrator are challenging and threatening European democracies. In the Europe's southern neighbourhood, in the Arab world, dictatorship is fortunately now being dismissed but we do not know what is coming next. The Arab spring has clearly lost its direction towards a quick establishment of freedom and democracy and we are facing now a major challenge in Libya after more than 5 months of bombing and civil war.

In Asia we are also seeing movements coming up for example in India with Anna Hazare's movement against-corruption. Chinese human rights violations are continuing. An estimated 500,000 people are currently enduring punitive detention without charge or trial. House arrest and imprisonment of human rights defenders are on the rise, and censorship of the Internet and other media has grown.

The US is more occupied with internal political fights which are becoming ever more unmanageable. This summer the still little but nevertheless very influential Tea Party movement challenged the whole international finance and global governance! President Obama has now to focus in the next year on his reelection, so will have less time to dedicate to leading the world and tackling global issues and problems.

We are facing also problems in Latin America especially here in Chile and I am sure that we will discuss this very intensively during this seminar

Hence the global crisis is evident. What started in 2008 has had in the meantime different phases with some recoveries but in a whole with not much sustainable results.

We have to recognize that the current model of globalization driven by neo-liberal rules deeply distressed the foundations of our world order with severe consequences for regional and national economies.

The erosion of our welfare systems, the problems of youth (un)employment, the challenges of aging societies and definitely the long term impact of climate change need answers. But we don't need simple answers in doing little measures or small reforms we really need to face the problems in a progressive way. We have to develop sustainable alternatives to the liberal model.

Firstly on the global level: We must build a new international architecture able to guarantee a fair globalization, while reducing inequalities and ensuring a sustainable development. We must recognize that such an outcome cannot be achieved through the sole action of single states. We must recognize that the challenge of a global world lies in the ability to govern processes at a supranational level. We must recognize that politics and democratic institutions must orientate and regulate the economy, because this is the only way in which capitalist development can be reconciled with the principles of democracy and social justice.

Secondly on trade: "Fair trade" has become something of a buzz phrase, a logo and a brand. This threatens to rob it of its meaning. Trade must be to the benefit of all, and not only the rich countries of the world. This is *the* fundamental question of global governance and if we do not address the injustices in our trade system, we show dishonesty in our concern for the poor. This will require reform in the global trade architecture to offset the vulnerabilities of the developing world.

Thirdly on the three basics progressive values: Jobs, Solidarity and Education: A job has always been perceived as an occupation that someone should hold in order to sustain oneself and one's family financially. If unemployment and especially amongst the youth is becoming more and more a cruel reality, it is not surprising that having a job is the question of economic survival. The promises made by politicians to create employment are hard to believe by the people. Even progressives have seen unemployment not as a group or society matter but as an individual problem. This fosters disappointment in politics, breeds emotions of resignation, resentment and withdrawal.

We have to do the utmost to assure the right for a good job for everybody. I am aware that this is visionary but we also need vision in order to fulfil commitments. One of these commitments is "Good". This means in the traditional social democratic sense of a decent standard in income, an assured social security and the ability to be trained for new challenges. Here comes also in the notion of Solidarity. And it should not be neglected that investing in human capital is a need to ensure the transition towards the 21<sup>st</sup> century – economy and it is beneficial for the individual through higher

wages and capabilities and the society through a higher level of productivity and consequently welfare. People have to be more and more empowered through programs of education and professional training in order to be prepared for the new challenges in their jobs are in the transforming of their jobs to new ones.

One of our sessions is dedicated to discuss financial regulation. The great contradiction of economic life nowadays is still that financial markets are inherently globalised, while regulation is still predominantly national and regional. This has allowed actors in financial markets to take extreme risks and the consequences of this anomaly have been truly catastrophic as we all know.

If regulation is to work, it must be genuinely international. Regulatory bodies must be operated under institutions of global governance that are accountable to governments and, by proxy, to our citizens. Thus, any effort to improve international financial regulation must be based upon the will to build an ethical and comprehensive institutional framework. When we discuss the features of this new international framework, it is not enough to simply criticise proponents of economic orthodoxy and financial deregulation. We must look at the systemic problems that the global economy faces and we must offer an alternative based on the values of social justice and the pursuit of global public goods.

The future international financial architecture should not only guarantee sound regulation, supervision and governance of financial markets, or prevent speculative phenomena. We must design a monetary and financial system which serves a just economy, able to ensure the largest access to the advantages of development, the reduction of inequalities and an economic growth compatible with the protection of the environment.

Thank you very much for your attention!