SSC, SDG and Finance Development: Challenges from the perspective of social reality of Latin America

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It is impossible to reduce the inequality only with trade or with superfluous modifications of income in Latin America

The present note emphasises three points, four questions and five proposals about SSC and financing the SDG with special attention in the social situations in Latin America countries.

First one is consideration about SDG and the hidden debate of the inequality and the causes of inequality. The SDG has a high level of formality. For instance, who cannot agree that we should tend to have zero hungry, non-poverty and decent work? The Goals of SDG express good intentions and everyone agrees with them, but the inequality is the hidden debate. It is the inequality among countries rather than in countries that continues to explain most of the world's inequality. Therefore, changes are necessary on a global scale, in which the increase of international commerce in Latin America or only with more development finance will not be enough to reduce this disparity. For instance, it is necessary to emphasise to address the new regulations in international financial flows. Capital mobility must be balanced through workforce mobility.

It is impossible to reduce the inequality only with trade or with superfluous modifications of income in Latin America. Our politicians discuss all the time about how to reduce poverty, but we know that poverty does not mean inequality. Modifying inequality implies long-term processes and does not merely refer to income but also to gender gaps, property, distribution of land, and concentration of political power and influences.

Secondly, Latin America presents a vast inequality, which conditions all manners of distribution of resources.

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In a world where capital reproduction demands specific roles in the international labour division, our countries have not succeeded in designing institutional frameworks that can mitigate global disparity but which rather make it explicit. And as you know, this is political. Economic decisions are not taken out of the blue, but they do depend on political ideology. Latin America is the 2nd most unequal region in the world, only behind Sub-Saharan Africa. This inequality has some very specific features:

- It principally affects children.
- There are some large territorial disparities: for instance, in Brazil and Argentina, the richest lands are 8 times as rich as the poorest ones, whereas in Italy, France and Spain, that gap is reduced to just twice.
- The concentration of land ownership reaches its height in Latin America.

The chances that disparities will persist in the future are very high unless there are global changes as well as changes in the productive and social heterogeneity of the region.

Thirdly, all things considered, let us then admit that the South-South Cooperation has to promote some debate and questions related to development finance on SDG.

One of them is in relation to classifications of countries for aid receipt. Do they have to receipt development finance according to structural characteristics of the countries or according to their income?

Another thing we could wonder about is regarding the permanent doubts about the capacity of low-income countries to absorb large inflows of external assistance. But should we not think that absorptive capacity depends on the very modalities of aid?

On the other hand, general trend in financing for development is the proliferation of funds specific to a sector or a country. The number and volumes of these thematic funds raise problems: for instance about the real appropriation by the recipient countries of policies designed by the leaders of thematic funds. Or the consistency of these strategies with the policies of the countries in the area and beyond. Are the areas where these funds deployed or countries involved are displayed really priority?

The fourth point has to do with what is new, what it is not and when is finance innovative? There is a certain misconception that the agenda for development portrays new way of financing for development. However, it is not new. If philanthropic sources are sometimes classified as innovative, this is essentially due to their greater volume and diversity; the principle itself is not innovative. More clearly considered innovative are the new levy taxes or parafiscal bases that have been introduced or that have been proposed.

Finally, I would like to make a few proposals for us to continue thinking together about the subject of inequality and the role of SSC in relation with development finance on SDG:

- First, we need to enhance the debate and visibility of the effect of the international crises on inequality. Each international crisis has an impact on growth and increases inequality. This affects the lower sectors worse than the rest of the population. While the richer sectors can reconstitute themselves after these shocks, the lower sectors always fall back to a weaker starting point.

- Secondly, it is imperative to limit external indebtedness, which curtails the margins of autonomy of countries, and to mobilize internal resources. This was a lesson that came at high social cost in Latin America in the 2000s and now Argentina is again facing endless problem of the external indebtedness. We are the country in the world that has contracted more external debt in the last year and it is not for investment but for current expenses.
- In third place, the financing of integration is crucial. Regional integration is a powerful factor in reducing vulnerability, through the various forms it can take (trade, money, coordination of budgetary policies, promotion of regional infrastructure, etc.). External support is essential to implement the integration measures. So far, it does not appear that external financing has been sufficiently addressed to this end.
- Fourthly, it is crucial to reconsider the logics of rights and SDG from the gaps; for instance, Investment, productivity and innovation gap, income gap, inequality and social security.
- In fifth place, what development model we are considering for the region to reduce inequality? This is a persistent debate in Latin America and Argentina. It seems that by just selling commodities all over the world we have not succeeded in reducing inequality. Should we not try to take part of digital and services revolution to overcome the age-old dilemma between farming and industry? In this framework we have to review the functional distribution of income and the role of social security because these are relevant tools of distribution. From 2003 to 2010, if it possible to reduce inequality in Latin America it was for these important tools, although of course it was not enough. After all, inequality reduction depends on political decisions.

DEVELOPMENT COOPERATION FOR ALL: ECLAC PUSHES FOR INCREASED YOUTH PARTICIPATION

The Economic Commission for Latin America and the Caribbean, subregional headquarters for the Caribbean has called on decision makers to create a subregional mechanism to facilitate the participation, engagement and collaboration of youth in development frameworks. This was one of the issues discussed at the Caribbean Forum on Population, Youth and Development to advance the regional youth development agenda and is a crucial step in the process towards more egalitarian societies. Lack of youth development in general, and youth unemployment in particular, have become growing concerns for Caribbean countries, with levels of youth unemployment over the last decade remaining higher than before the 2008 financial crisis. The forum identified practical solutions to support the implementation of youth policies and programmes and the involvement of youth in the 2030 Agenda for Sustainable Development and other regional and national development processes.

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