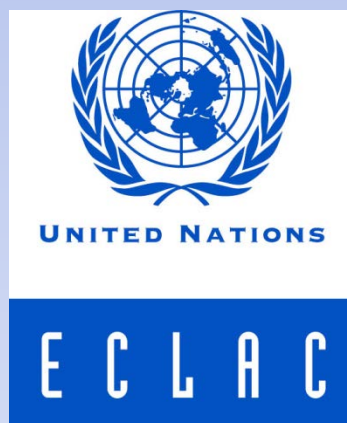


Structural change, growth, employment and poverty eradication: The Latin American and Caribbean experience



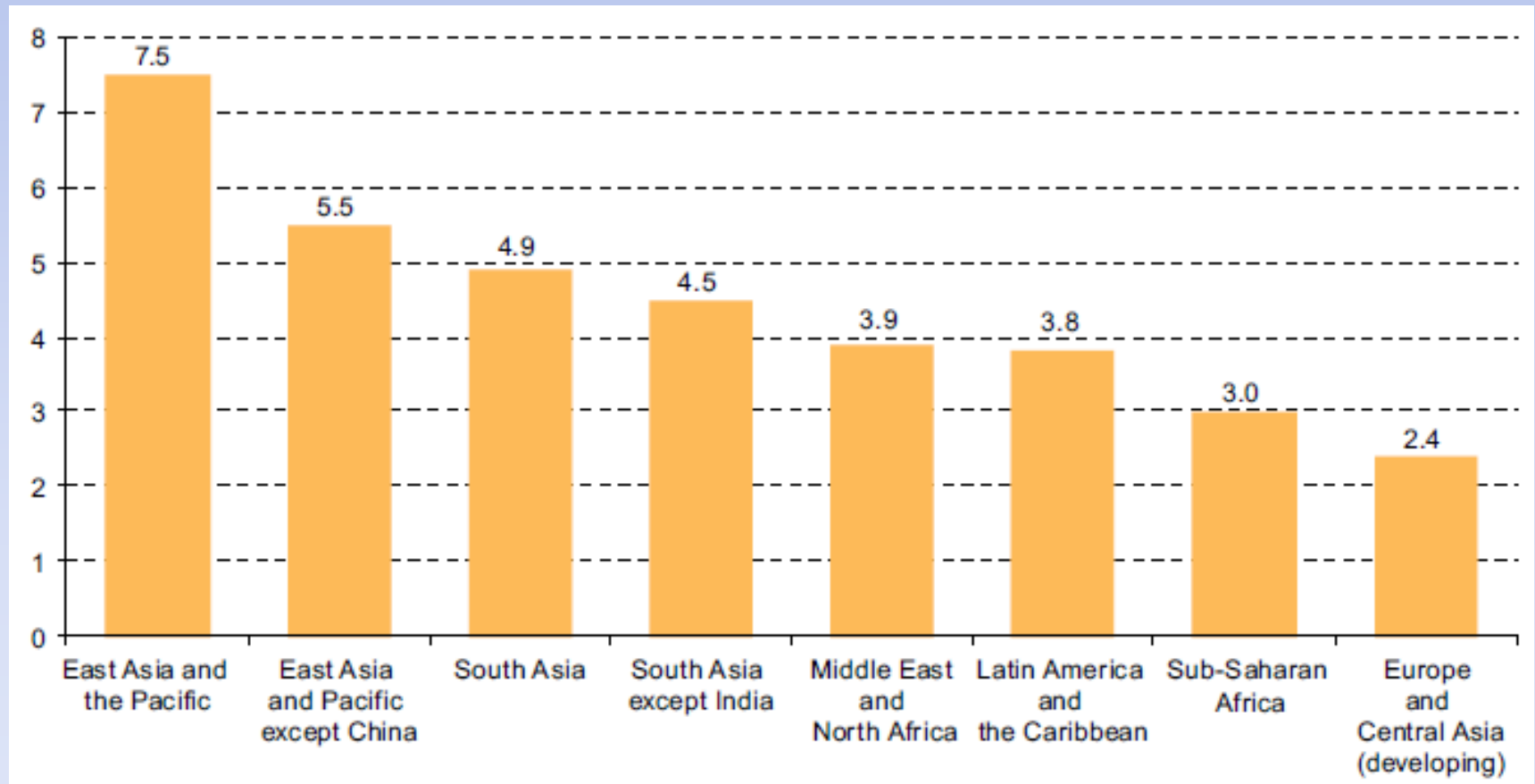
Simone Cecchini

Social Development Division

Economic Commission for Latin America and the Caribbean (ECLAC)

Latin America and the Caribbean has fared poorly compared to other parts of the world in terms of economic growth and labour productivity

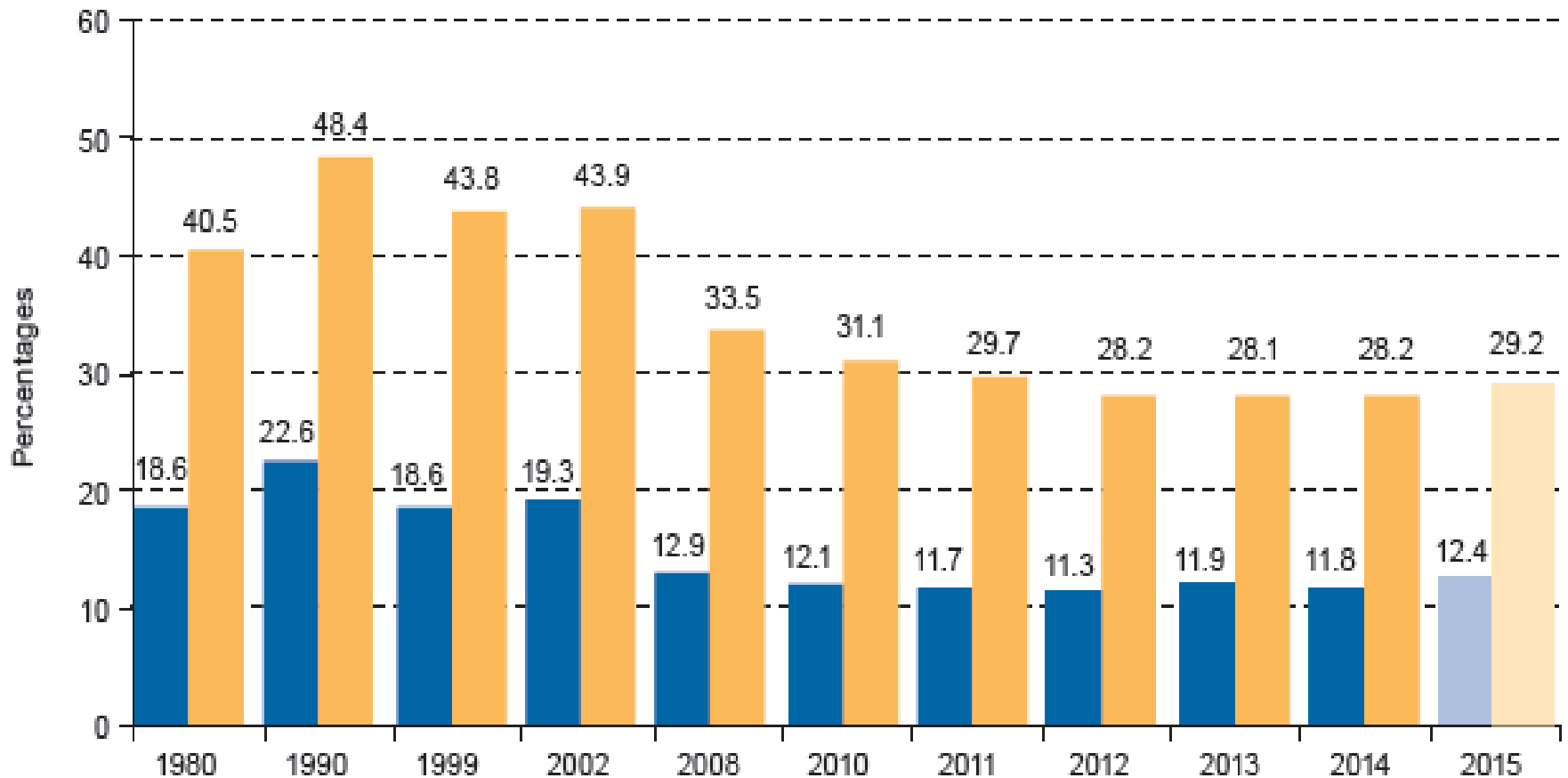
LONG-RUN REAL GDP GROWTH RATES, 1960-2014 (PERCENTAGES)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), (2016) Horizons 2030: Equality at the Centre of Sustainable Development, on the basis of World Bank, World Development Indicators, 2015. Each region's trend growth rate was obtained from a linear approximation of the logarithm of real GDP (base year 2005).

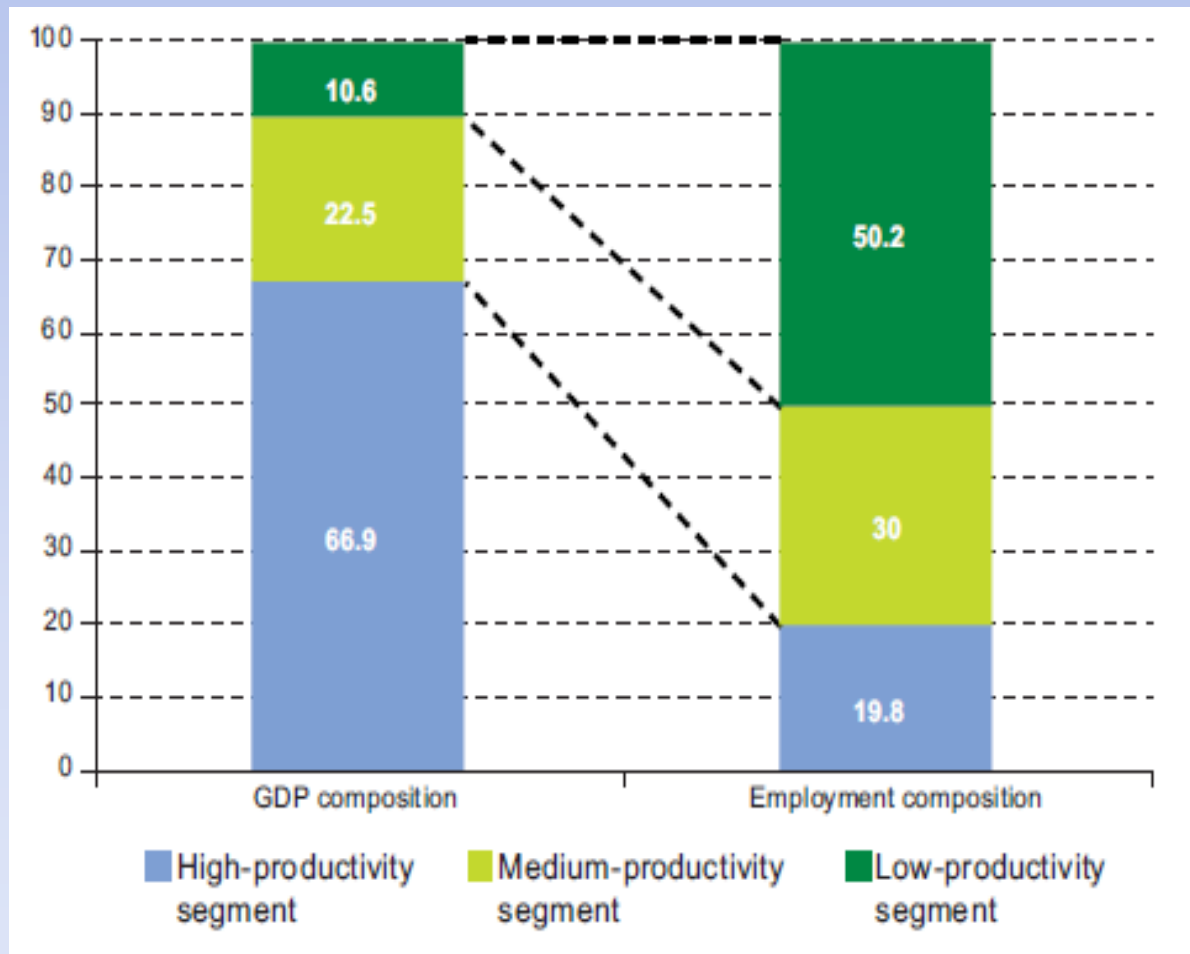
Substantial reduction of poverty and extreme poverty. Challenges in the last few years

LATIN AMERICA: POVERTY AND INDIGENCE RATES, 1980-2015 (PERCENTAGES)



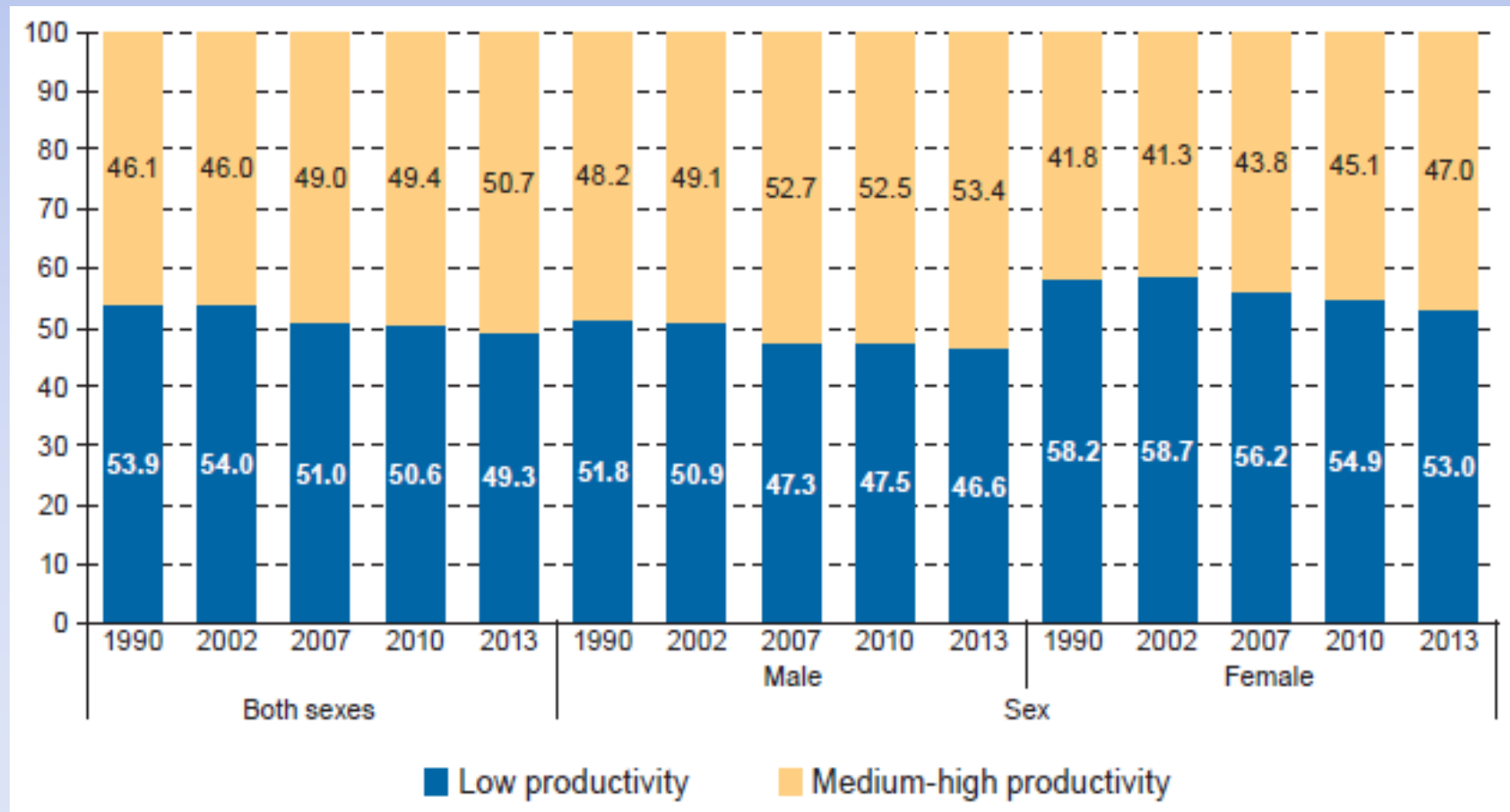
Latin American and Caribbean economies are characterized by the heterogeneity of their productive structure

LATIN AMERICA (18 COUNTRIES): STRUCTURAL HETEROGENEITY INDICATORS, AROUND 2009 (PERCENTAGES)



Workers employed in the low-productivity sector represent about half of the workforce in Latin America and the Caribbean

LATIN AMERICA (18 COUNTRIES): DISTRIBUTION OF EMPLOYED PERSONS AGED 15 AND OVER BY PRODUCTIVITY AND SEX, NATIONAL TOTALS, 1990-2013 (PERCENTAGES)



Twenty-first century development will depend more on generating intangible assets

- Development will depend more on generating intangible assets (ideas, skills, and networks) than on stimulating investment in machinery and physical assets oriented to the production of tangible goods
- “Endogenous” or “new growth” theories emphasize the increasing **returns to ideas and information –and people’s capacity to take advantage of them– as the real key to growth**
- Movement of workers from manufacturing to service sector is already underway (eg. Brazil, China, South Africa, South Korea)
- **Investment in human capabilities is even more economically critical** (Evans, 2008)

Impact of new technologies on employment and the labour market generates high levels of instability and uncertainty

- No job seems to be spared from technical progress and the continual elimination of tasks and posts
- Tools to **sustain the movement of workers among different and new sectors of the economy** are needed
 - Social protection, capacity-building and re-employment mechanisms (ECLAC, 2016)

State capacity will have an even greater role to play in societal success in the coming century than it did in the last century

- **“Developmental State”** provides universal quality education and health, together with universal social protection mechanisms (Evans, 2008)
 - In this kind of State, inclusion and equality would be much more closely linked to the expansion of capacities and competitiveness (ECLAC, 2016)
- Providing a basic protection floor means **“protecting the person and not the job”**, redefining the space for production and guaranteeing social rights (Filgueira, 2014)
 - Greater social expenditure sustained by better tax policy is required
 - This allows shifts of workers between sectors of the economy without them necessarily losing out, leading to efficiency gains