



Letter to the Economic Commission for Latin American and the Caribbean (ECLAC)

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Hi! My name is Radha Mastandrea. I am a junior at MIT in course 8 (Physics). I did MUN for 3 years in highschool, and I have been chairing with MITMUNC since freshman year. I'm excited to get to work with you all and see the resolutions you come up with! Feel free to contact me with any questions / hopes / dreams / aspirations at rmastand@mit.edu.

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Hi everyone!

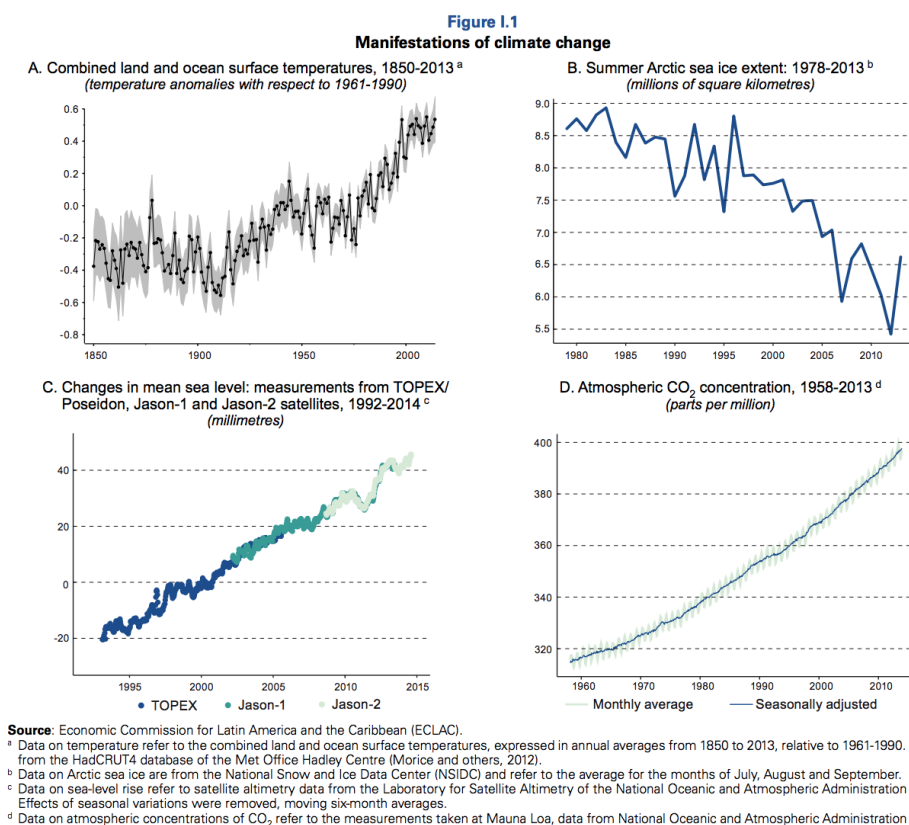
My name is Amy Fang, I'm a junior at MIT majoring in Mechanical Engineering and minoring in Business Analytics. I was involved in Model UN for 6 years before coming to college, and this is my third year chairing MITMUNC. I'm really excited to be chairing again this year! These topics are extremely prevalent and have long been an issue of debate, so I'm looking forward to the new ideas you propose in committee! If you have any questions about MITMUNC or MIT in general, feel free to reach out to me at amyfang@mit.edu. Looking forward to meeting you all in February!

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Note: when you hand in position papers, **PLEASE CITE YOUR SOURCES!** If you do not have some form of a bibliography, you will not be considered for any awards. Even worse, you will make us sad.

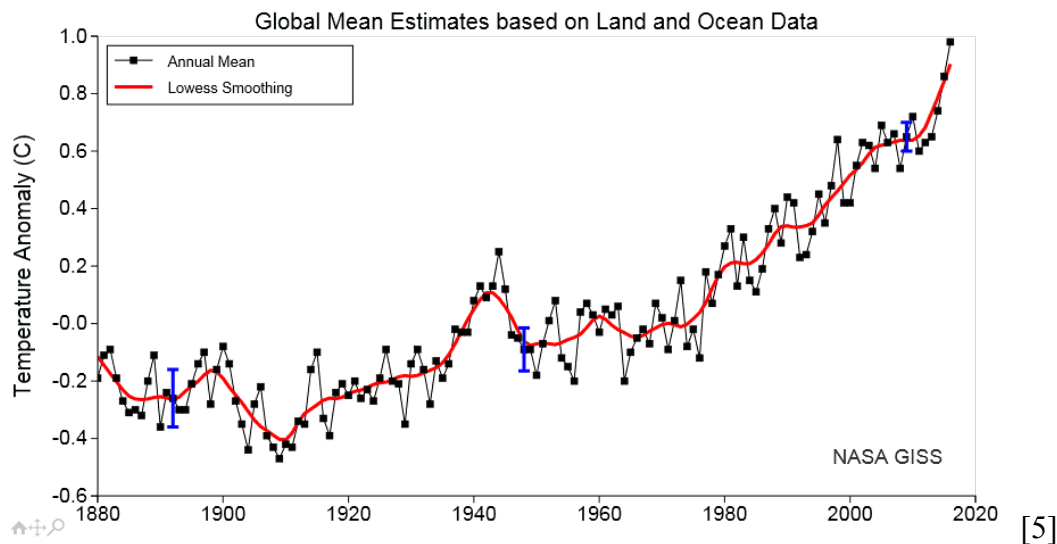
Topic A: Climate Change

The threat of global warming is an increasingly dangerous one with devastating effects on a global scale. Global temperatures have been steadily rising for over a century: since 1880, landmass and ocean temperatures have risen by 0.85°C [1]. The rate of temperature increase has sped up even more in recent years: for the past 30 years, the average temperatures over each decade have become monotonically hotter. These rising temperatures only exacerbate existing greenhouse effects. One effect is the increased atmospheric concentrations of carbon dioxide and other toxic emissions. Over time, this can lead to long-term health effects due to worsening air quality.



[1]

For coastal areas especially, global warming provides a more obvious economic threat. While the number varies from location to location, on average, sea levels are rising by one-eighth of an inch per year [2]. The primary effect of this is to increase the impact of “nuisance flooding”, which can arise from a variety of factors, from storms to simple high tides [3]. Such flooding leads to road closures and possible infrastructure destruction. Nuisance flooding is already 300-900% more frequent than it was in the 1950s, and will only continue to become more frequent. For Latin America and the Caribbean, where cities are primarily coastal, this will lead to a huge economic deficits, especially because 14 million people in Latin America (2.2% of the population) live in high-flood-risk areas [4].



The specific economic effects of global warming are widespread. A number of them are outlined in below. We will briefly go into some of the more pressing effects below.

Table II.1
Potential impacts and risks associated with climate change in Latin America

Impacts	Key risks	Climatic factors
Agriculture	Decreases in food production and quality, lower revenues and rising prices	<ul style="list-style-type: none"> • Temperature extremes • Precipitation extremes • CO₂ concentration • Precipitation
Water	Water supply in semi-arid and glacier-melt-dependent regions; flooding in urban areas associated with extreme precipitation	<ul style="list-style-type: none"> • Upward trend in temperature • Increased droughts • Snow cover
Biodiversity and forests	Land-use changes, disappearance of forests, coral reef bleaching, loss of biodiversity and of ecosystem services	<ul style="list-style-type: none"> • Increased deforestation • CO₂ concentration • Upward trend in temperature • Acidification of the oceans
Health	Spread of vector-borne diseases to other altitudes and latitudes	<ul style="list-style-type: none"> • Upward trend in temperature • Temperature extremes • Precipitation extremes • Precipitation
Tourism	Loss of infrastructure, rising sea levels, extreme events in coastal areas	<ul style="list-style-type: none"> • Rising sea levels • Temperature extremes • Precipitation extremes and flooding
Poverty	Reductions in the incomes of vulnerable groups, especially in the agricultural sector; increased income inequality	<ul style="list-style-type: none"> • Temperature extremes • Increased droughts • Precipitation

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Intergovernmental Panel on Climate Change (IPCC), "Chapter 27. Central and South America" in *Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part B: Regional Aspects. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change*, V.R. Barros and others (eds.), Cambridge, Cambridge University Press, 2014.

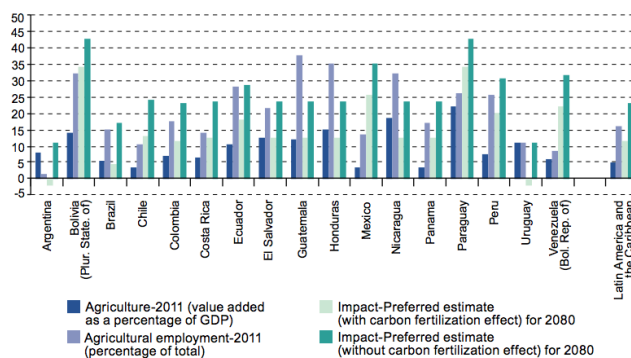
[1]

Availability of Food and Water

Climate change has the potential to throw off much of the agricultural economy. This is especially true for the Latin American and Caribbean regions, which “contribute 11% of the value of world food production and represent 24% of the world’s arable land” [6]. This makes the effects of droughts, flooding, or increasing temperature even more dangerous to the farming economy [7].

68% of the water supply in Latin America and the Caribbean goes to the farming industry, placing increased stress on the need to supply these regions with clean water [1]. However, water supply is also at risk for civilians. While Latin America and the Caribbean as a whole generally has enough water [1], it is unevenly distributed: even a few years ago, certain civilian regions of the Caribbean struggled to get enough clean water for everyday uses [8]. As the weather becomes more unpredictable in general due to climate change, the demand for water in agriculture, households, and manufacturing will also increase.

Figure II.2
Latin America: the agriculture sector and the impacts of climate change, 2011 and 2080^a
 (Percentages)

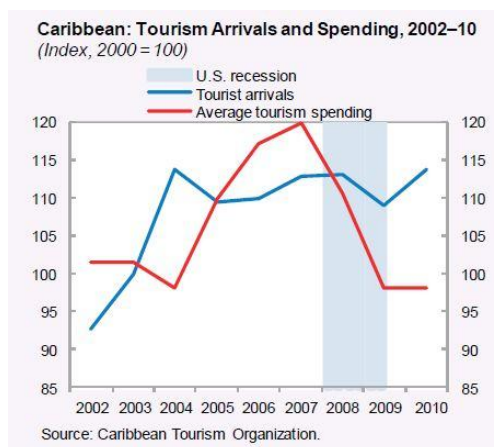


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Bank, World Development Indicators, and William R. Cline, *Global Warming and Agriculture: Impact estimates by country*, Peterson Institute, 2007.

[1]

Poverty and Tourism

A study on 65 cities in Latin America found that 5.1% of their total economy was dependent on travel and tourism [9]. The dangers that climate change poses to infrastructure in terms of flooding and lack of money for building upkeep threatens this source of income.



[10]

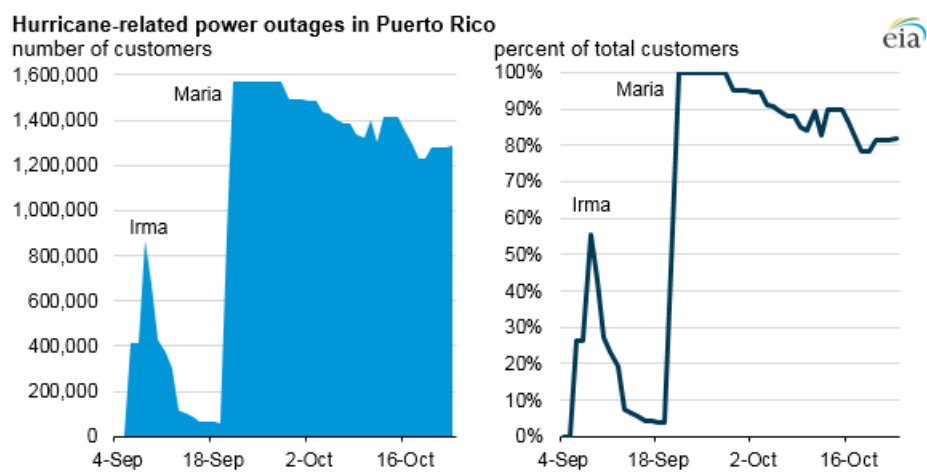
However, there are more subtle effects of climate change on Latin American and Caribbean society. Lower-class inhabitants are more at risk of losing their homes and communities due to

the destructive effects of droughts, flooding, and storms that climate change brings, bringing about the rise of forced migration and the conflicts that come with it. An article focused on the social implications of climate change in the LAC area writes,

“The poor and vulnerable who live a day-to-day existence and lack the assets to allow long-term planning have little experience addressing these issues; they typically behave in ways that are rational for their objectives and perceptions of risk, which by necessity employ a very short-term perspective. Planning for a future with a changing climate is extremely difficult when an individual’s or a household’s asset base is barely sufficient to survive on from day to day, especially given frustrations that arise from economic turbulence, blocked participation, and marginalization in the community” [11].

Extreme Weather and Preparedness

Extreme weather goes hand-in-hand with climate change. A pressing example of this comes from Hurricane Maria, which hit Puerto Rico on September 20th, 2017. For weeks afterwards, manufacturers struggled to get lifesaving drugs, such as HIV and leukemia medications, into the country [12]. Inhabitants struggled (and in fact, some still struggle) to gain access to power and clean drinking water, flooding ravaged the streets [13], hospitals were destroyed. Many of these effects are reflections of how devastating the Category 5 storm was. However, storms such as these will only become more frequent as climate change progresses. It is necessary that better infrastructure and emergency preparedness systems are implemented to counteract these dangers.



Past Solutions

All Latin American and Caribbean countries have joined the Paris agreement (with Latin America joining just this past October [15]), demonstrating their commitment to combating climate change. More recently, at the 2017 United Nations Climate Change Conference (COP23), a number of Latin American countries publicly made clear strides towards reducing carbon emissions and supporting clean energy sources [16].

Questions to consider:

- What can your country feasibly do, now? Long-term solutions are okay, but we want to see more short-term ones that can reasonably be implemented by your countries
- Consider both preventative and reactionary measures -- what has your country done to combat climate change in terms of renewable energy? What will your country do to combat the effects of climate change? You will need to address both to write effective resolutions.
- We want to see concrete, realizable steps. Too often, broad sweeping ideologies are given center stage. It is too late for that!

- Keep in mind this is an economic committee, so you may want to stress economic implications over moral ones.

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Topic B: Income Inequality

Introduction

While Latin America has made great strides in the past decade in reducing income inequality, it is still considered one of the most unequal regions in the world in terms of income inequality.

There is a wide wealth gap between the richest and the poorest in Latin America. In 2014, 71% of the region's wealth belonged to the richest 10% of the population. According to Oxfam, between 2002 and 2015, the billionaires of Latin America increased their wealth by an average of 21% per year, which is about six times more than the overall GDP of the region [1]. In 2015, the richest 1% percent in Latin America controlled 41% of the region's wealth [2]. Even though Latin America has been growing economically, because the wealthy keep their fortunes in offshore tax havens, this growth benefits them at the expense of Latin America's lower and middle classes [1].

Many countries' tax systems depend heavily on consumption taxes that place the burden on low- and middle-income groups. In addition, the region's tax systems tend to be biased towards collecting from labour income instead of capital gains and usually lack any property and inheritance tax, thus increasing wealth concentration, which is even greater than income concentration. Revenues from personal income tax are relatively low, particularly from the highest-income groups. ECLAC calculates that the average effective tax rate for the richest 10% amounts to only 5% of their disposable income. As a result, the tax systems of Latin America are

six times less effective than European systems at redistributing wealth and reducing inequality.

[2]



GINI Index of Central America and the Caribbean [3], and South America [4]. 0 represents perfect equality, 100 represents perfect inequality.

One of the largest and most successful programs to combat income inequality has been Brazil's Bolsa Familia Program (BF), a program started in 2003, whose aim was to "[trust] poor families with small cash transfers in return for keeping their children in school and attending preventive health care visits." [5] Ten years after the program took effect, Brazil's extreme poverty rate has declined by half, from 9.7% to 4.3%. As a result, Brazil's GINI coefficient declined by 15%.

More qualitatively, studies also show that the cash transfers have helped increase the dignity and

autonomy of the poor, especially for women, who comprise of more than 90% of the beneficiaries. [5]

Oportunidades is a similar program in Mexico that provides cash transfers to the poor to help them invest in their education and health. It has been largely successful because of its rigorous, ongoing evaluation process. These evaluations are run by the International Food Policy Research Institute, an external organization. This helps increase the credibility of Oportunidades, resulting in the program growing into more urban areas [6].

There have been many successful policies and programs implemented during the 2000s, especially large-scale conditional cash transfers (CCT), such as the previously mentioned Bolsa Familia and Oportunidades. These programs have been effective because of their large distributive power, and their minimal costs. For instance, Bolsa Familia reaches around 11 million families and Oportunidades about 5 million. Their costs (including administrative costs), however, is below 0.5 percent of GDP. [7] Other similar programs include Chile's Solidario, Ecuador's Human Development Bond, El Salvador's Rural Communities Solidarity, Panama's Opportunities Network, Paraguay's Hug and Peru's Together [2].

Despite these successes, the programs still exclude between 40 and 50 percent of the poor [7]. Even though the middle class has grown, it is still relatively small and unstable; if an economic shock were to arise, those in the middle class would likely drop into poverty.

Different Types of Income Inequality

Gender

Even though the wage gap for women with more than 13 years of education shrank by 9 percent from 1990 to 2014, it has still left them earning 26 percent less than their male peers, according to new figures released by the Economic Commission for Latin America and the Caribbean (ECLAC) [8].

According to ECLAC, this is due to two factors:

“the regulation and formalization of paid domestic work, since countries have established minimum hourly wage rates and maximum times for the working day; and to the increase of minimum salaries for all the population, and its implementation in some countries to level up the income of employed persons without qualification.” [9]

To eliminate the gender wage gap, countries should create more spaces that encourage female workers to actively participate in discussions such as collective bargaining. Another solution could be to improve minimum wages, since this would promote equality in poorer regions [8]. Countries could also implement regulations that provide equal training opportunities, promotions, overtime and other work commitments.



[10]

Education

Another issue is education inequality, which directly affects income inequality. Half of the labor force in Latin America that are older than 25 only have six years of education. Families in higher income brackets are able to send their children to private schools, while those in lower income brackets send their children to public schools [2]. This education gap drives a negative cycle, furthering income inequality through fewer job opportunities and lower incomes.

Another large factor in improving socio-economic inequality is increasing access to education, particularly primary and secondary education. For example, one successful program has been Plan Ceibal, which provides students in Uruguay with laptops, increasing social levelling, inclusion, and access to education. [11]

Current Issues

Today, according to the World Bank, there are four main aspects that contribute to Latin America's income inequality: "access to education is unequal; the earnings of educated people are disproportionately high; the poor have more children with whom they must share their income; and targeting of public spending is ineffective." [12]

Changing this requires improvements in both the quality and the accessibility of education, and expanded social-assistance programs that accurately address the needs of the poor. Such policies may prove to be difficult to implement, as they may require changes in larger political structures so that the voices of the poor can be heard. [12]

Governments must also change their tax infrastructure. More progressive tax reforms must take place to reduce competition between countries in a "race to the bottom." To reduce the income gap, countries could increase property taxes and inheritance taxes. All nations must work together to "overhaul the international tax system so that multinational companies and rich individuals can no longer exploit tax loopholes or hide their wealth in tax havens to avoid paying their fair share of tax." [1]

Questions to Consider

- What steps has your specific country taken in the past to reduce income inequality? What worked and what didn't? Are there certain types of income inequality (gender, education, ethnicity, etc.) that your country struggles with more than others?
- What kinds of policies could your country implement to address specific types of income inequality - make sure to be specific! Focus on each type of inequality and figure out what policies could be implemented effectively

- What kinds of policies could the entire region implement? What sorts of collaborative efforts would be effective in resolving the issue in the region as a whole? Again, be specific!
- Looking at the successes of programs in other countries, how could similar ideas be implemented in your own country?
- Make sure to consider both long and short term measures your country and the committee as a whole can take.

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