

Latin America and the C'bean 'need better fiscal policies'

■ SANTIAGO

DELEGATES attending the 37th Regional Seminar on Fiscal Policy of the Economic Commission for Latin America and the Caribbean (ECLAC) in Santiago, Chile, have called for the mobilisation of financing in order to expand fiscal space in regional countries. Authorities from 13 regional countries and international experts addressed the importance of mobilising financing to expand fiscal space in the region. More than 80 people attended this traditional event.

ECLAC said delegates agreed that fiscal policy is 'a key tool for driving the structural transformations that Latin America and the Caribbean needs to be able to escape the development traps in which it is caught'.

ECLAC Executive Secretary José Manuel Salazar-Xirinachs said the region is facing a development crisis characterised by three traps: Low capacity for growth and transformation; high inequality, low social mobility and weak social cohesion; and low institutional capacity and weak governance. 'This first trap of low growth capacity is one of the causes of the reduced fiscal space that also characterises the majority of the region's countries, in addition to their high levels of indebtedness and the rising cost of debt service,' Salazar- Xirinachs said. 'The combination of low capacity for growth and limited fiscal space is a toxic combination for tackling the challenges and the necessary transformations, such as increasing public and private investment, improving productivity, and driving the social and productive transformations that would enable us to overcome the development traps and gaps that we are facing,' he added. **-CMC**