



SPECIAL COMMISSION ON FUTURES

(Meeting held on November 23, 2021).

THE CHAIR.— There being a quorum, the meeting is open.

(The time is 14:09).

—In accordance with the second item on the agenda, we welcome Ms. Celia Ortega and Ms. Valeria Bolla, resident representative and External Affairs officer of the World Bank, respectively, who will present the systematic country diagnostic prepared by that institution.

We also thank those taking part in this meeting virtually: Ms. Lourdes Rodríguez Chamussy, senior economist in Poverty and Equity at the World Bank; Mr. Fernando Giuliano, also a senior economist, in Macroeconomics and Fiscal Management; and Mr. Marcos Larizza, senior specialist in Public Policy, Governance, and the Public Sector.

We greet the legislators who are members of this commission and also Ms. Lydia Garrido, who is accompanying us in this process.

We have had the opportunity to read a report called "Just in Time," which was finished in 2020 and which we are going to hand out to the members of this commission because it is really very interesting and of enormous usefulness to all of us, and we will probably have an occasion later to reflect on its content.

Ms. Ortega has the floor.

MS. ORTEGA.— Good afternoon.

Thank you so much for receiving us again, in this same room where we met on September 27 when the Special Commission on Futures was launched, an initiative that excited us and still does today, because we think we really do need to think "just in time"—as the chair of the commission mentioned—about the demographic and technological challenges, about human capital, and about the work that is coming our way. So we are very committed to this agenda that we have been working on.

We have carried out numerous studies and, personally, I think it is relevant to share them. One of them is the publication that was already mentioned here, called "Just in Time," which we sent to your offices a few weeks ago. Once you have had a chance to take a look at it, we offer to bring its authors to share, discuss, and critique it, as a way of providing input to this advisory commission. In that case we are talking about a topic much narrower than the commission's agenda; today we are going to look at a broader frame and have something like the Google Earth view—as I always say—when we zoom out and leave our neighborhood, our city, Uruguay, and suddenly the whole world comes into view. It is a perspective that I think is tremendously necessary in order to then follow the steps of the country's economic transformation agenda.

My colleagues Fernando Giuliano, Lourdes Rodríguez, and Marco Larizza form a team that has been working for a year on the update of what we call the systematic country diagnostic, which we do every five years in all the countries of the world and which basically follows the vectors of growth and development. Many times we ask ourselves whether this vehicle that has brought us here is going to be the one that takes us further. What are the most critical elements of the economy? Which are the most important and which are the most urgent?

On this occasion they updated the 2015 document because they realized that not much has changed, that is, there are no big changes since that year, but it is true that things are becoming more pressing, more urgent, and that more action is really needed from decision makers.

This is a document that we have not published yet, that we will send to the bank's board and that will then be made public; in fact, tomorrow we are going to share it with the Ministry of Finance.

We are at a moment in which we have narrowed down the topics that seem to us most fundamental so that Uruguay can keep the per capita income that it deserves, so that it stays anchored and we do not go backward, but above all to return to growth, and in this, once again, we will see that the human factor plays a fundamental role.

I will not keep you any longer and I yield the floor to Fernando Giuliano, who is going to begin the presentation.

MR. GIULIANO.— Thank you very much.

It is an honor and a pleasure to be here and to be able to share our work with you.

On my screen you will be able to see the presentation.

(Slides are shown).

—As Celia Ortega said, this work was led by Marco Larizza, Lourdes Rodríguez, and the person speaking to you, over the last year. It is the update of a more comprehensive diagnostic study that was carried out in 2015 because we saw that, in fact, the main problems or obstacles in the inclusive growth process that were identified that year are still present today and continue to be the main ones.

The context has changed notably; in 2015 the economy was still growing strongly, but even then certain aspects were identified that are still relevant today. This work informs the World Bank's partnership framework with the country, which will be carried out next calendar year.

We want to share with you the narrative, that is, how we see this process of inclusive growth that has been taking place in Uruguay since the last major economic crisis, what changes occurred in that process and what the main factors were that influenced it, in order to then move on to identify the most important aspects that we believe are influencing the slowdown in growth that has been observed in recent years.

We see the inclusive growth process that took place between 2003 and 2019 in general terms—but between 2003 and 2015 in a stronger and more conclusive way—as the result of the conjunction of several aspects, some related to Uruguay's historical strengths and others to elements with some degree of novelty. Among the former, the main historical strength that we believe had to do with the good economic performance between 2003 and 2009 was this solid Uruguayan social contract, this value placed on democracy, civil dialogue, and relatively low polarization. This has characterized Uruguay forever, but clearly, by itself, it was not enough, in past times, to drive a significant inclusive growth process. To this element, in the years that followed the crisis, some other more or less novel ones were added that helped bring about these successful results. In the first place, there was good macroeconomic management; fiscal policy, more prudent monetary policy, the flexible exchange rate, all these kinds of factors helped the economic results that we saw in that period.

Another important element, too, is the lower regional exposure, mainly to the neighboring countries, Argentina and Brazil; given their macroeconomic ups and downs, partly decoupling from them in financial and trade terms ended up being beneficial for Uruguay.

Finally, we highlight a set of effective social policies. This also has a mix of novel component and Uruguayan historical strength; part of the solid social contract has to do with a strong social safety net, at least in regional terms. During the process that took place between 2003 and 2015 there were policies that reinforced those social policies and we believe that, taken together, once they came together with very favorable external conditions—which positively affected not only Uruguay but the whole region—they resulted in this inclusive growth, with the

best results in the country's history, we could say, if we look at both the growth side and the inclusion side. The country reached high-income status and investment-grade rating.

Now, that virtuous process that combined those factors began to run out of steam from 2015 on. If one looks at economic growth, one notices that the high growth rates lasted until 2014 or 2015, but from then on there was a very pronounced slowdown, going from an average of 5% to less than 1%. The revision of the national accounts showed an even worse picture. This is before the covid crisis in 2020. That means the model was already showing some shortcomings, I repeat, even before the advent of the pandemic. This has its correlate, too, in matters related to poverty and inclusion.

Now I yield the floor to my colleague Lourdes Rodríguez.

MS. RODRÍGUEZ.— Indeed, associated with this process of stagnation in growth, poverty reduction was also affected, above all because the main engine behind a fairly successful poverty reduction since 2006, which was labor income, was practically not present after 2015. What remained as a determining factor, which still served poverty reduction, was the part of transfers from social programs, something that clearly helps sustain the most vulnerable, but is not the factor that is going to push significant segments of the population into the middle class. So the process, which had been fairly successful, of bringing population into the middle class stalls from 2015 on; even before the pandemic an incipient reversal of the trend in terms of poverty was already visible. Clearly there are, in addition, structural constraints that have prevented convergence between groups; therefore, even though important progress was made in reducing poverty in all groups, there is always a gap remaining between the different age groups—children and adolescents still represent the group with the highest incidence of poverty—with the Afro-descendant population and by geographic area, because a phenomenon of higher poverty continues to exist in Montevideo and the north of the country.

This slowdown, this stagnation of the poverty reduction process, occurs in a context of several challenges for Uruguay: certainly, limited fiscal space; a demographic transition in which little room is left of the demographic dividend, because soon the ratio of the economically active population is going to reverse—which gives a sense of urgency to the better use of human resources for productivity and for growing the economy—and a context of overlapping dimensions of exclusion in some groups of the population. We are talking, for example, about poverty being concentrated in the north and in some of the municipalities of Montevideo, where we often see an overlapping of dimensions of deprivation: deprivation in housing and in terms of access to certain services, lack of income, and lack of possibilities to improve the human capital of this population.

Likewise, these dynamics perpetuate intergenerational imbalances and gender gaps that, at least in labor force participation, are still significant for Uruguay. Despite being the country with the best indicator in the region in terms of inequality, when we analyze it by income deciles, Uruguay still does not rank as well in terms of parity between men and women in labor force participation: only half of women are participating in the labor market. Lastly, climate change, which is not new, is another of the challenges being faced and one that accentuates some of the priorities for Uruguay.

It is in this context that the pandemic occurs, which makes some of these challenges more important or gives them greater prominence. For example, debt needs more focused attention; more urgent than ever are the need to develop educational capacities and, with them, to make use of technological change, the reduction of segregation, of the barriers to women's labor participation and, obviously, attention to inequalities in access to basic service infrastructure. The pandemic brings additional problems—which perhaps we have not yet measured well—in terms of setbacks in the dimensions of education and health, above all, and of some reversal of the achievements Uruguay had made in gender gaps, in women's economic participation.

Of course, the pandemic also brings opportunities. For example, there is an accelerated modernization in areas such as telemedicine, statistics, and the digital economy and, clearly, this is an important and key moment to take advantage of them. In this context, the critical areas that the analysis we have done identifies for revitalizing development are four, and for each one we do a further, more in-depth analysis of the institutional constraints. The four critical areas have to do with creating the conditions for a more competitive and global economy; transforming the education system, since there is clearly a consensus in Uruguay on this, so as to improve learning outcomes and their relevance, above all for the labor market; improving the quality of infrastructure in basic services and the population's corresponding access to it; and promoting green growth by strengthening markets, so that quality jobs are created and there is resilience in the face of climate change.

As I was saying, we have a cross-cutting view—let us say—of these challenges with the element of inclusion—so that the population as a whole is considered in order to improve them—and behind them we do an in-depth analysis of the underlying constraints in institutional terms. In that regard, if the chair considers it appropriate, my colleague Marco Larizza can explain what our conceptual framework is and what we found in this institutional analysis.

Thank you very much.

MR. LARIZZA.— Before getting into what we did on the functional side, perhaps it would be good to emphasize why we are doing it.

As Ms. Rodríguez said, one of the added values of this diagnostic is to go a little beyond sectoral issues and identify how the institutional architecture could be a contribution to, or an impediment for, development. This perspective is justified by the literature that exists at the global level and also by the historical experience of other countries, which shows that once a country reaches an upper-middle level of development, institutions to a certain extent adapt or change in relation to a changing economic context or economic power. That is one of the factors that explains the success of those economies; they are the ones that grow the most, the ones that can sustain that growth, and they are the countries that succeeded in changing the rules or adapting the institutional architecture to the new economic context. This is somewhat the motivation.

In short, what we did was start with a mapping; in fact, we developed a new conceptual framework that looks at different institutional dimensions that are important for each country and we mapped them against the international indicators that exist on the market to see where Uruguay stood in relation to each of those dimensions. One could say that we measured the quality of institutional capital along two dimensions to see where Uruguay stood on performance with respect to the global frontier and also—perhaps the most important thing in this context—what its own performance is with respect to the comparator groups. Here we compare Uruguay not only with the largest economies of Latin America—that is, with the region—but also with economies at the same income level and with the aspirational comparators, that is, with the OECD economies.

This empirical analysis shows that there are elements of strength and elements of institutional capital. It is neither new nor surprising to anyone that, in terms of relations with political or social institutions, Uruguay has very strong capital, and this is related not only to the quality of its democracy but also to a very inclusive decision-making process, a strong social contract—as was mentioned before—and labor relations that provide rights and protections to workers. These are aspects that are very advanced in relation to the comparators.

However, there are still other areas—as this comparative work shows in the area marked in red—in which performance is very weak with respect to the comparators.

So, there is a hard core of functions that are important at the level of the State where performance is weak, such as public sector management, that is, on issues of human resource management, the practice of high precisions, or the capacity to coordinate between the different levels of government, as well as issues related to the governance of public enterprises and all the institutions that have to do with trade and business. What I mean is that the institutional architecture does not work or is not functional when it comes to addressing outcomes on development issues or sectoral strategies.

Why does this happen? Precisely, in the final part of the document one can see how these elements affect outcomes on development issues and what the relationship is between the institutional architecture and the development gaps and challenges that we are identifying. And we are going to do that in each area.

MR. GIULIANO.— As Marco Larizza mentions, given those institutional constraints at the general level, the next step is to try to see, in each of the identified areas, how they affect—or, at a lower level of granularity, what the constraints are that specifically affect—each of the critical areas that we presented earlier.

The first of them is creating the conditions for a more competitive, globally integrated economy. Since we did the diagnostic in 2015, Uruguay's integration into international trade has suffered and its aggregate productivity has slowed down and even turned negative. The idea that Uruguay has become an expensive country and not very competitive with the world is more evident than ever, and this shows in the results. Trade relative to GDP fell below 50%, whereas it had reached a peak of 65%. Other aspects, such as the small and shallow financial sector, we believe continue to have a relevant importance in terms of Uruguay's competitiveness outcomes. We also highlight the tensions between the importance of competitiveness for gaining productivity and the preference for a strong State with a regulated labor market, and of course also everything that has to do with the inclusion of women in the labor market. A lot is being left on the table by not having a large share of women integrated into the labor markets.

What kinds of issues do we identify as institutional factors that affect outcomes related to competitiveness and global integration? Some examples are shown there. In the other areas we have some more detail, but, for example, we see the limited access to external markets stemming from the self-imposed restrictions of Mercosur. One matter that we also identify and talk about in quite some detail is the weaknesses in the competition framework. There is a fragmentation of the different authorities in charge of matters related to competition, in terms of the empowerment of the competition commission and of the powers to enforce the law, among others. At the same time we identify the pressure that the pension system puts on the fiscal accounts as a matter related to the overall competitiveness of the economy. A larger fiscal deficit diverts resources from the private sector, increases macroeconomic risks, raises the rate at which firms with access to the financial market can borrow, and so on. These are simply some of the institutional elements or factors that we identify as related to this critical area I. My colleague, the economist Rodríguez, is going to talk about what relates to critical area II.

MS. RODRÍGUEZ.— This is about what we had discussed regarding the consensus on the need to transform the education system and improve learning outcomes and, in addition, their relevance for work.

One fairly striking fact: the expectation for a Uruguayan child born today is that by the time they turn eighteen they will reach only 60% of their productive potential. This clearly requires a transformation in terms of how human capital is developed and the incentives that young people today have to stay in school. 43% believe that education does not prepare them for jobs in the future, and this compares with 36% in the region. 15% of young men are not in school; this is double the average of the OECD countries and triple the rate of structural peers. In addition, as we had commented, there are overlapping institutional dimensions, so that there is a steep gradient by income group. You can see that in the graph. Uruguay has the lowest levels in terms of the completion rate of secondary education for young people who have turned twenty-two. This is so compared with the six large economies of Latin America, with its peers identified as structural, and with the OECD, but, in addition, the gradient between the lowest and the highest income quintile is very alarming in terms of heterogeneity.

Behind this we can diagnose some examples of the institutional factors linked to a governance structure that is fragmented—which is something particular—in the education system in Uruguay and that has an impact on monitoring and on how the education quality indicators are arrived at. There is a certain rigidity in the human resource management practices for teachers and in their interaction as administrators in the education system as well and, in addition, an image to increase transparency in the use and distribution of public resources in schools. These are some examples of the underlying institutional factors in this area.

As for critical area III, if the chair permits, Mr. Larizza will speak to it.

MR. LARIZZA.— In relation to infrastructure in basic services, we look mainly at three sectors: electricity, water and sanitation, and transport.

We looked at the data with a comparative approach—what the country's performance is, the challenges—and then we visualized the underlying functional elements. Looking at what happens, for example, in the water sector, we see that access is fairly universal and Uruguay ranks very well in that respect, but the coverage of sanitation services is fairly low. There is a gap, as the chart shows: the proportion of the population that has access to clean water and to these services is much lower relative to the regional and structural comparative data and the OECD countries.

In the case of electricity it is different because there is not yet an access problem. I am referring to the issue of efficiency, such as, for example, interruptions of electricity services, or quality and prices in terms of rates, above all at the residential level. There are higher prices in other countries. On the issue of transport, the problem is the impediment to economic activity, as the different surveys show.

So, the factors are multiple. In the chapter there is a very detailed analysis. Here we highlight only the issue of the governance of public enterprises such as OSE and UTE. It is important to look at what the cross-cutting factors that contribute to these results might be. Public enterprises in Uruguay have a key role, but it is still not clear how their performance is evaluated and monitored. This is a challenge, because sometimes the strategic objectives at the general level are well clarified, but there are no defined performance objectives. Sometimes, even, the objectives are not very clear when separating, for example, commercial objectives from social objectives. So, this lack of clarity prevents different actors from monitoring their performance effectively.

The other challenge we highlight is the lack of independence. Perhaps Ursea's task of setting rates could be strengthened and performance improved in terms of these indicators we are highlighting.

The last point we are going to consider is the one related to growth. It is a very rich chapter where sectoral and cross-cutting elements are identified that Uruguay has to address. Our country ranks very well on this issue. Many important advances were made in the economy. The global context is still changing because of climate events, which are more recurrent, and the country has to manage them. There are also challenges in matters such as managing the intensification of agricultural activity—which is a key sector for the economy—and the conservation or protection of natural capital. It is about avoiding the intensification of agricultural production because it can have an impact, for example, on water quality or generate negative effects on sectors such as tourism. So, how comparative capital is developed and how natural capital is protected is an important challenge.

There are functional issues that must be addressed to ensure that those objectives are achieved. The budget system needs to be managed better with regard to climate change matters. To ensure monitoring of international commitments, traceability is important. It is essential that the budget mechanism identify the investments for the climate agenda. Other countries are already doing it and Uruguay is a bit behind in this respect.

Another element is the issue of coordination, and not only at the central level, between different government agencies—and this, with the creation of the Ministry of Tourism, can be a very important step forward—since there are different areas in which vertical coordination. That is, strengthening is needed among the different levels of government, with the municipalities and the departments, to address those challenges. That is another area where we have identified elements of weakness.

MR. GIULIANO.— With this we conclude our presentation. We have left some questions posed to start off the discussion. This report, which is almost finished, will be short, but it will refer to many of the analytical works we have been doing, so if you have a particular interest in any of the topics you will be able to look in the additional reports for more details on each of the areas.

Thank you very much for listening to us, and we are at your disposal with regard to your comments or suggestions.

THE CHAIR.— Thank you very much to you.

Naturally, for us this is a very important input. One cannot think about methodologies of anticipation for challenges to be addressed if one does not start from reality. The World Bank's perspective, especially bearing in mind that you have been doing this for a long time—you said that this is an update of the report—will undoubtedly be of great use.

I do not know whether the members of the commission would like to ask questions or make comments.

MR. CARBALLO.— We thank the World Bank delegation.

We share the remarks that the chair made a moment ago to the effect that these are very important inputs for the task and the work that we have to carry out in this commission.

I agree on the level of growth the country had from 2003, 2004, and 2005 through 2015. I feel that, indeed, there was very significant growth in that period.

I think it would be good to be able to go deeper into some of the topics. One of them has to do with the country's demographic situation. In the introduction it was said that one of the topics was linked to the demographic and technological situation, but the demographic one seems to me that it should be central. In addition, we have to take into account how migrant populations figure in that treatment, since today we are fortunately receiving a significant inflow of people from outside the country who, to a large extent—and speaking off the cuff and crudely—are saving our bacon. In this case we would have to think about what the incentives should be, given the low birth rate we have in the country. It seems to me a really important matter.

On the work agenda of this commission is everything linked to the environment and, since transport was mentioned, everything related to the use of electricity. One necessarily has to reason in the direction of individual transport and everything linked to electric transport. That is part of certain policies that would have to be thought through, above all as regards taxes. Something that is not minor, also linked to the environment, is livestock farming and electricity, which was one of the topics raised. I think we should also turn our attention to that topic.

And one last thing is linked to that growth and how it affects certain populations. I would ask whether you could expand on that. The Afro-descendant or Afro-Uruguayan population was mentioned. Perhaps for our task and work it would be good to have a little more information on that topic.

Thank you very much.

MS. SANGUINETTI.— I greet the delegation and thank them for the presentation, which was very interesting. I think a great many areas were opened up that we could talk about for hours, but I would like simply to put the focus on a topic that was mentioned almost in passing; I am referring to the consensus to transform the education system. I think this is where Uruguay's future is slipping away from us, in relation to one of the issues that, at least at a personal level, I consider most pressing. I think we all work with different statistics regarding graduation and so on. This idea that a Uruguayan child born today reaches 60% of their productive potential at age eighteen, personally, is the first time I have heard it. I think it is a fairly graphic way of putting it on the table.

In short, I think that from this commission, on this matter where the consensus was taken as a given, it seems to me that the entire political system that is represented here has a significant debt in relation to the discussion that takes place in the coming years. It seems to me that there is a space there to work from this specific commission.

Thank you very much.

MR. VALDOMIR.— I join in thanking the delegation. The report has been very complete. We hope to have it soon in a final version so that we can read it in more depth.

I want to ask two specific questions about two aspects to find out how you see them, even though they are mentioned there as indicators and possible critical areas to go deeper into in the analysis.

My first question relates to the issue of limited fiscal space. It is something that the current Government and previous ones have faced as the main constraint on the implementation of public policies. In what sense is there room to broaden the discussion in this sector in relation to the tax question? Many times, when people talk about the quality of public services in our country, it is said that they are widespread, above all what has to do with universal access to drinking water, but with taxes that are still very low in relation to the size of the population and the need we have to universalize other basic public services, particularly what has to do with sanitation and access to sustainable or equitable transport for the population as a whole. As long as a discussion about increasing the tax base is not taken up, it is difficult to think about making other sources of financing available for the expansion of public services. How does the tax discussion enter into this institutional analysis that you are carrying out?

And the second question is about something linked to the previous one. You have pointed to a strong concern about boosting women's reentry into the labor market, and that goes hand in hand with public policies aimed at the care system. As we all know, implementing care systems involves policies

that require a high level of resources. That is also part of a debate that relates to the fiscal space each Government has to implement that type of policy. But without getting into the part specifically related to the financing of care systems, I would like to know whether you have seen challenges, for example, to the very concept of the gender pay gap. I raise this example because today we are on the eve of bills relating to the encouragement of maternity or of women's entry into the labor market, but we have limitations in the labor market that mean that women, because of their own life dynamics, have to face tolls and obstacles to achieve pay parity with male workers, and that is, in a certain sense, what may be limiting most the demographic increase that was also pointed out.

My specific question is whether you have seen—among the actors you have consulted—any challenge to the concept of "gender pay gap," because in the political system we have in some cases been surprised by the fact that there are people who debate that, when throughout the world it has a fairly common dimension and is widely used to illustrate the differences between men and women with regard to performance in the world of work.

Thank you very much again.

THE CHAIR.— Naturally, the answers and comments that are deemed pertinent can be given in the fifteen minutes we have left, without prejudice to our being able to continue going deeper into these questions or observations later, by email or other means.

One specific question that I am going to ask concerns what you raised at the beginning about—I thought I understood—the end of a situation of demographic dividend. I want to know what you mean.

Second, given that you observed the need for adaptation of labor institutions, I would like to know whether you have anything more precise to say on that matter.

MR. GIULIANO.— Thank you very much for the questions and comments. I think a large part of them are directed to my colleague Lourdes Rodríguez. Perhaps the consensus on education reform is a key point. One gets the sense that everyone recognizes that education in Uruguay today is a problem and that it has to be reformed; we also said that in 2015, and five years later we are in the same situation, given that there have been no relevant changes. So, one gets the sense that something has to be done because it is an important issue, but the urgency is not there. Therefore, recognizing something as important does not mean prioritizing it as urgent. On the issue of education we believe the two coincide: it is important and it is urgent—that is how we put it in the report—but perhaps, in Uruguay, those two things are still not aligned, or the political economy of the reform still has some way to go.

My colleague Lourdes Rodríguez will be able to address some points on Afro inclusion, the demographic dividend, and gender gaps, among others.

MS. RODRÍGUEZ.— Thank you very much for the comments and the questions; I am going to try to encompass all the topics you have raised.

Regarding the demographic situation, both the low birth rate and the aging of the population, when we say that there is a certain urgency to make use of human resources and we mention that Uruguay is in the last stage of the demographic dividend, we are referring to the division of the total population that is of working age—the part considered economically active—with respect to how many are economically inactive and, therefore, can be considered a dependent population. So, the demographic dividend, as long as the economically active population is larger than the dependent one, leaves us...

(The Zoom connection is interrupted).

—... let us say, some possibility of saving, given that as the population ages and there are few births, there will be more people left dependent on each person who actively participates in the labor market. That is where some of the policies, of the challenges we identify, are urgent; certainly, the use of the talent of the economically active population and of women, who represent the largest proportion of the population outside the current labor market.

What policies could change this situation? They have a lot to do with policies for reconciling work and activities outside the home with the family, that is, with activities within the home. And that has three categories: the first is the child care system that was already mentioned. While it is true that resources are required to have a system for providing care for children before school age, one must also look at the economic side, what we call "the care economy." We must look at how many jobs are generated in this provision of care and in what kinds of modalities it can be done, because public provision and financing are not always behind these systems. Globally, we have different modalities where a combination of public subsidy and private provision can be made that makes up that care economy, as well as evolving toward job creation and less public money invested.

The second category is fiscal incentives or stimuli, for example, for large families. In several developed countries this has worked well in the sense of affecting both the birth rate and women's participation in the labor market. That is, there is greater parity between men and women.

In the third category are maternity and paternity leave, and parental care leave; all of them are important. Uruguay is one of the countries at the forefront with regard to what exists and can be accessed, such as, for example, the

half-time leave, which perhaps is not used as much as it could be, since only 4% of men in Uruguay use that benefit.

All these policies are also combined with social norms. Clearly, there are different ways to address these challenges and the important intergenerational imbalances in Uruguay.

To finish up, we want to mention something regarding the Afro-Uruguayan population. There is a report from our colleagues on the social inclusion team in which we look very deeply at the current conditions of the Afro-Uruguayan population and the gaps that still exist. We would be glad to send you this report, which really contains very interesting data.

Thank you very much.

MR. GIULIANO.— The issue of taxes was mentioned and I would like to refer to it briefly.

We did not talk specifically about taxes or about spending as a whole. In the report we specifically mention the issue of pensions as one of the priority topics related to demographics. We do not talk about the whole fiscal system, both spending and revenue, we do not focus on that, and it is clear that we do have other public spending analyses in which we try to look at those topics.

In general, Uruguay does not have a very low average revenue for its level of development; however, let us think that, as the country advances in its development process, the spending-to-GDP ratio rises. When one looks at different countries—this is an empirical fact—one observes that if that rise in spending relative to GDP is not accompanied by a rise in revenue relative to GDP, fiscal problems are clearly generated that impede that growth process. So, naturally, in that development process, these two variables, spending and revenue, should go hand in hand. As a specific answer to the question, we say that we do not have tax revenue data in this report. I will ask Marcos Larizza whether he has anything to say about this trade off between labor institutions and competitiveness.

MR. LARIZZA.— I have no other comments.

MR. GIULIANO.— On that point, in that institutional diagnostic, labor institutions emerge as a strength in Uruguay. That is a positive aspect, but when one looks at it from the competitiveness side, sometimes this trade off, as we economists say, shows up between the goal of having strong labor institutions and, at the same time, the flexibility to adjust to diverse sectoral realities and to firms. This is also related to the new technological developments and the new demands for social protection that are more suited to the twenty-first century and not so much to the twentieth-century labor protection scheme, to which Uruguay seems to be more bound. This strength of Uruguay's labor institutions goes very much hand in hand with what

was a work pattern that is being challenged in these last decades by matters that have to do with demographic and technological issues, and we do not have an answer. So, the challenge there is to try to update those labor institutions to take into account or include these aspects that make competitiveness more dynamic without affecting what we believe is part of the core of this strong and solid social consensus that Uruguay has and that we see as a strength.

THE CHAIR.— We thank you very much for the presentation, the summary, and the report, and naturally we will be looking forward to the presentation of the final report.

(The Zoom connection is suspended).

—I proposed that we take a few minutes to talk with the president of the World Bank, Celia Ortega, because I would like to share some of the proposals or offers that have been made to us for the future work of this commission. First, I want to thank Ms. Ortega for her willingness to work with us, the presentation of the project, and the report "Just in Time," which I especially recommend because it deals with more forward-looking topics and the challenges that arise.

I also want to refer to some other instruments that we are going to need and perhaps we can count on the collaboration of the World Bank, for example, the possibility of having a platform that allows us to have an exchange with citizens about the topics we are going to be taking up. You will recall that there lies one of the challenges, beyond the work with experts, because we also have to give space to exchange and collective intelligence, with the contribution of civil society. Ms. Celia Ortega has told us about the possibility that the bank could offer us a tool of this kind and perhaps some others, above all accompanying us in this process.

I want to thank her and share these words.

I do not know whether you have any questions or wish to make any comments on this. Perhaps Ms. Celia Ortega can expand a little more.

MS. ORTEGA.— Thank you very much again for receiving us and giving us the opportunity to do this baseline test.

It is true that we have been thinking about that concept—which we have happily put in black and white—and I have something to share about the idea that was raised regarding how we are going to think about the work of the future, we or you in this room. I think one does not need to do much math to realize that the average age is quite high and we are talking about the work of the future. This seems to me a great challenge without listening to those who come behind, those who are entering the world of work, those who are studying and, why not, even middle-aged people who from now until retirement have twenty or twenty-five years ahead of them and know that they are going to have to

transform. That was when I raised with the chair of this commission, Legislator Goñi, how to open that window to listen, to see what the world outside is like, not only in Montevideo but a little farther away, and have them tell us how they see the future.

The other day I was talking with a Uruguayan colleague and he told me they had done a survey in La Teja with ten-year-old children to see what they wanted to be when they grew up, and the four preferred jobs were police officer, military, soccer player, and youtuber. The first ones were almost expected because it is a public, secure job—I admit it—soccer player is obvious, but the youtuber they did not expect; five years ago nobody knew what that was. So, let us think that this platform can be yours—I do not know whether you want to use it—so that it is two-way, to dialogue, or at least to open that window and listen to how students and workers, in different spheres, see the work of the future, and so that this initiative may really have perhaps that breadth that you want to give it.

That is why we humbly offered ourselves with that technical assistance to complement what our colleagues at UNESCO and UNDP are already providing, in order to open that window to the world, which we hope will be in two directions: back and forth.

THE CHAIR.— What do you think?

MR. OLMOS.— Good afternoon.

It seems very good to me, but my fear is that the window will be so wide open that it becomes unmanageable, as happens with the legislative initiatives that then-Legislator Lema promoted from the presidency of the Chamber of Representatives, which come in on the most diverse topics, with the most diverse degrees of seriousness or depth, and which are then somewhat difficult to process. Maybe we should think a little in terms of narrowing it down, mathematically, or saying, for example, this year we are going to work on this topic, or something similar, because the future has such variability that it can be of little use.

THE CHAIR.— We are going to make an agenda and we will define one topic per year—as the law requires of us—and in that way there would be a narrowing down. The World Bank representative informed us about the possibility that, in some way, that exchange could be guided, that is, with a certain audience and form, because the institution has already designed and offered those tools to other Governments. Therefore, on those limits or that guidance there is already experience about how to do it. Naturally, with this we will proceed by trial and error. This dimension also involves experimentation and innovation. That tool, which Parliament certainly used for a particular purpose, also had its learning curve—as I think we have all observed—but, on this subject, perhaps it would be the most economical way—in the deepest sense of the term—to be able to have that exchange. Perhaps other forms would be even more unmanageable.

In short, if you agree, we could move forward and when we have something more defined we will look at it.

MS. ORTEGA.— We could send a note with the concept of the activities that could be covered, in order to share and discuss it as a form of feedback.

THE CHAIR.— Agreed.

We will take a short break while we wait for the next delegation.

(The verbatim record is momentarily suspended).

—The commission resolved that it will not meet next November 30, but that it will organize and take part in the event to be held next Monday, December 6, on which occasion an agreement will be signed between the General Assembly and the UNDP, precisely to foster, authorize, and make possible support from the latter for the commission, which will take the form of a secretariat and technical advisory services.

Consequently, it is agreed to define a group representative of the parties—the governing coalition and the opposition—to move forward with the UNDP.

We now turn to the third item on the agenda and, as indicated there, to receive the delegation of the Republic of Finland, in response to the request to be received by this advisory commission in order to become informed about our work and exchange ideas on topics of common interest between Uruguay and Finland.

(The delegation of the Republic of Finland enters the room).

—We welcome the ambassador of the Republic of Finland in Argentina, Kirsi Vanamo-Santacruz, the honorary consul Andrew Cooper Gibson, and the counselors Emilia Ahvenjärvi and Tarja Laaksonen, whom we especially thank for this visit.

As we have conveyed through the Consulate in Uruguay and through our ambassador in Finland, this Special Commission on Futures, which was set in motion very recently, has had as its inspiring model the Committee for the Future of the Parliament of Finland, which has not only inspired us but from whose process we aspire to be able to learn a great deal. We congratulate you because the process that you have carried out in Finland has marked a path for other parliaments, one that today, in this twenty-first century, it is necessary to follow. No one escapes the common characteristic—because it is global—of accelerating change, which can no longer be addressed from behind, but must be anticipated in order to prepare and, fundamentally, to take measures today that allow us to better take advantage of what is coming, and that is what this is about.

This is the reason for our special interest in being able to count on your collaboration. From the very first moment we received a letter from the chair of the Committee for the

Future of Finland, which we read at the launch event. Naturally, we thank you very much for your visit because, I repeat, it is our wish, our interest, to be able to learn a great deal from the Committee for the Future of the Finnish Parliament, which is a system that has brought together the various actors of Finland.

MS. VANAMO-SANTACRUZ.— Thank you very much. It is an enormous pleasure for me, for my team at the Embassy of Finland in Buenos Aires, and also for our honorary consulate here in Montevideo, to be able to visit you.

For a long time we have not been able to visit each other because of the pandemic and the restrictions, but fortunately it is now possible. It is also a great honor for me to visit the Uruguayan Parliament and to hold this meeting with the Special Commission on Futures.

Uruguay is a very important partner for Finland. We share the same values and we have a mutual connection in the sense that we are small countries with much larger neighbors.

We appreciate the strong cooperation that our countries have in the multilateral sphere. At a time when multilateralism and the importance of that rules-based world order are increasingly being questioned, partners like Uruguay are very valuable to Finland.

Our countries also share a unique relationship in economic and trade terms. The investments that Finnish companies related to pulp and paper manufacturing have made in Uruguay are exceptional from the Finnish point of view. In this regard, we want to thank the Parliament and the Government of Uruguay for the excellent cooperation with our companies.

We also hope to deepen our cooperation in areas such as digitalization, cybersecurity, artificial intelligence, the bioeconomy, and the circular economy, as well as in education, science, and sustainable solutions for wood construction. I am glad that in these sectors we already have a great deal of cooperation and many concrete projects between Uruguay and Finland.

I am pleased that you have been inspired by the Committee for the Future of the Finnish Parliament, and I would be very interested to learn about how this commission works and the plans you have.

Once again I want to say to you: thank you so much!

THE CHAIR.— Thank you very much, Madam Ambassador.

We are only just beginning the journey. We approved the creation of this parliamentary commission, which has its innovative characteristics, both in its methodology and in its composition, since it is bicameral. Here there are senators and

Representatives from all the parties and we have decided to open this space with a broader time horizon, focused on the challenges of the changes that have accelerated in the twenty-first century, some of which—perhaps the most important ones—the ambassador already listed. Naturally we have to take into account the challenges of the digital transformation, which have changed everything, not only in the economic aspect but also in the educational, cultural, and social ones. Relationships and coexistence today are impacted, for better and for worse, by the digital; undoubtedly this also poses for us the challenge of knowing how far to set limits, in contrast with what Parliament has been devoted to regulating since its beginning and what we have done regarding what happens in the physical world. That discussion, that debate, is going on at present: how far it is advisable to set those limits and also those orientations in this digital world which, naturally, is still very new, but which in turn requires us to anticipate what is coming. The speed of those changes, above all because of the new generations, requires us to have a vision, not with a methodology of fortune-tellers, but with foresight and anticipation, such as those being developed in the world today and which these futures commissions in some way take up and practice, where there is collective validity. In Parliament and in the country we have all of the experts we have convened, or the main experts in the different areas—above all scientific and technological—who have already told us of their willingness to take part. It has really been a very important boost to have that willingness. In the first activities we have counted on them, on the most prestigious experts and the technology entrepreneurs who in Uruguay today have managed to stand out in the world. We also already have the main unicorns of Uruguayan entrepreneurs, who are willing and in fact have made time to work with this commission. So in that first event we had all of them, and it is also clear that we have to do this collaboration on a global basis. There are many challenges that we have to take on together; the easiest to understand is the climate one because the world is only one. Perhaps some may think of going off to another planet, but most of us prefer to stay here because we think it is much nicer than any other we might get to know.

That care, naturally, has to go in a way that is harmonious and compatible with economic and productive development. I think the way in which we can guide that scientific and technological development will have its good or bad consequences depending on the care of our planet. I think that is where the main challenge lies.

Naturally, Madam Ambassador, in this parliamentary commission there are other technological challenges that have to do with the sustainability of the democratic system as we know it. We cannot overlook the fact that this very strong irruption of technology platforms also puts in check, to some extent at least, the form of democratic coexistence that we have been developing in recent decades. Who designs the agenda and who has the ability to censor are issues too important for the democratic system to be ignored. And this body, which all the political parties make up on an equal basis, we have formed to take on those issues. Here, indeed, not only with a broader time horizon but also with greater magnanimity and greatness if we want to successfully take on issues that are medium- and long-term—most of whose effects perhaps we will not see,

although there are younger legislators—one hopes that the next generations will in some way be able to count on tools and on certain guidelines that allow us to continue having a world with all the scientific and technological development, but a human one. That is not done spontaneously, since we know very well—history has shown us—that spontaneity has two faces; and the citizenry elects us to seek and give guarantees that this human development can continue to materialize. I think the enormous majority of the world's citizens are demanding that Parliaments take on this challenge, in the sense of consolidating democracy and that sustainable human development. And I repeat: such is the force and intensity of those changes that one cannot naively leave to spontaneity effects that we know reverberate across the whole of society, but above all among the most vulnerable. We all know that those changes, more easily or less arduously, can be taken advantage of by those who have more resources, not by those who have the least, and if States, for example, do not take on an education for these new times, the phenomena of marginalization, of exclusion, may perhaps return to outcomes that we had not seen for a long time and that humanity has done everything to overcome. We are clear that if one does not make those changes, the results are not going to be what we all want. So that is the great challenge!

We have studied and analyzed the subject matter that the Committee for the Future of the Parliament of Finland has been taking up year after year, and they are the topics that we also want to take up. Here it is clear that the great advance in all of these phenomena comes through collaboration, and the world of the Internet, the digital world, makes that collaboration easier for us, and parliaments naturally also have to take advantage of it. The European Union has its spaces of collaboration and Latin America does too, although a bit less. It seems to me that on these topics it makes little sense to regionalize as a separate space, because the challenges are increasingly global. This is our interest and, as the ambassador will know, we already have a videoconference scheduled for the month of March. In January and February we have a recess and in March we begin a new legislative period. It seemed to us it was the best moment because, in addition, we are defining the secretariat and the technical advisory services, we are forming a group of permanent experts in the different scientific and technological areas, of course including all the research institutes and the universities of our country. Perhaps that coordinated work among the parliaments' futures commissions can help deepen those other instances of relationship that you mentioned at the beginning, which we know about and, of course, encourage, at the university level and in economic activities. In this regard, the latest Finnish investments, especially that of UPM, are of very significant magnitude for our country and there too an enormous number of possibilities are generated, from the foundations that have been created around this investment to productive development based on traditional raw material but also with a strong technological added value, such as, for example, what you mentioned about the use of wood. As you pointed out, our country is small, with a small population, and we have no reason to duplicate efforts. When we visited the Consulate I expressed that our disposition and will was to foster spaces that are synergistic and not blocs that do not communicate with each other. If it helps, naturally we will be able to continue them. In

certain cases some relationships may go at a different pace and, of course, this will be welcome. That is our disposition.

MR. MELAZZI.— We greet the ambassador and the delegation.

We simply want to make a brief remark. As is known, Finland stands out worldwide in its education system. It is a country where the quality of education speaks for itself, and what better than to take advantage of the ambassador being present so that in the commission some authority in the area of education from Finland can enlighten us about the success they have had in the last thirty years, as well as what social and political commitment they have undertaken to have a single line of governance and, ultimately, public policies that can be continued, so that regardless of the political parties that govern us, that kind of continuity can be had. There is a deeply rooted cultural issue that is different, and I think that could be one of the reasons. One is not a specialist on this topic, Mr. Chair, but it would be interesting if some day we could have authorities from the education area of Finland—perhaps via Zoom—tell us a little about their experiences, and have that be used as an input to work for the good of the kids, which is where our lives are at stake. Within the similarities we have with the Republic of Finland, I think it would not be so outlandish to hear these specialists so they can enlighten us and so we can keep working for the future and the development that we all want for our society.

THE CHAIR.— We have been aware of the presence of education experts from Finland in these last weeks, but—as Legislator Melazzi raises—we need to have in the parliamentary setting a more political view, in addition to the expert one, because in some way Finland—from what we have been able to learn—has also achieved a consensus at the parliamentary level, even for the curriculum changes that are so hard in Uruguay. That is the view that the legislator raised, because this is the setting where we can open our minds, because it has been hard for us to introduce those reform processes which, of course, at least in the technical aspects, are unquestionable. Digital education in all its dimensions is absolutely indispensable in this world; we still have a long road ahead and naturally there lies our desire to learn about Finland's experience.

MS. VANAMO-SANTACRUZ.— Thank you very much.

Fortunately I came accompanied by my economic and science counselor, Ms. Emilia Ahvenjärvi, and, if the chair will allow me, I yield the floor to her.

MS. AHVENJÄRVI.— I think the ambassador meant to say Counselor for Science and Education.

I work at this diplomatic mission in Buenos Aires, but I am a representative of Finland's Ministry of Education and Culture in Latin America, so my area of work is broader. I have given several presentations to many Governments and

ministries of Education. Whenever you want to organize this kind of presentation we can perfectly well do it and even, if you wish, invite officials or directors from our Ministry of Education, from our National Agency for Education; it will depend on the scope of the event you want to organize.

Our presence in recent weeks here in Montevideo with other education experts has been noticed through the press. I believe there are projects underway by the Ministry of Education and Culture and by ANEP that are very well directed, according to the information I have, since they aim precisely at renewing teacher training. It is a very important key to the quality of education and to reforming the national curricular framework for the different educational levels, from early childhood education through secondary school.

One of the points I see is that in Uruguay it is often hard to take the step toward change and—I would say—in the future the curricular work lies in moving to a cyclical process, and it is not the decision of one Government, but of a constant effort in which one evaluates whether the curriculum being implemented responds to the requirements of that moment and of what is to come. It is obvious that there must always be a parliamentary decision to make the change, but it needs to respond to a process that is constantly underway.

Finland's current national curricular framework, which came into force in 2016, is constantly being evaluated. It is not a manual for eternity, because probably in some time we will have to define a new curriculum that takes us a bit further ahead in terms of the competencies, skills, and knowledge that will be required in a few years or a few decades.

Regarding the renewal of teacher training, I imagine it will have to be done step by step. It is a long process, but from Finland we believe we must have a base in scientific research, because if teachers do not have that training and that level they cannot be professionals who are sufficiently respected and independent to carry out work of great importance and recognized by society.

THE CHAIR.— Thank you very much, Counselor, the presentation was very clear.

These are topics that undoubtedly have another degree of urgency; before, everything was slower, we had more time, but now those changes naturally need to be resolved and implemented in much shorter times, and we hope the new generations can really take advantage of their potential.

In a way this is our interest: to be able to bring you to this space so that you can convey your experience to the rest of the parliamentary colleagues. At the time we raised with Tarja Laaksonen, and we reiterate, our interest in repeating the visit that came from Finland. I think they came more than once, but I remember an occasion when an important delegation of the Finnish Parliament appeared, above all

made up of members of the Committee for the Future. So it would be a good thing to be able to coordinate a visit, without naturally interfering with that very important event that you are scheduling for October. We would like to have you again, for a period of two or three days, to make that exchange. We are even thinking that, if that visit materializes, we could invite representatives of other parliaments of our region. In fact, many futures commissions are being formed in many countries of Latin America and we are talking about doing this learning process together. In that sense, we would like—I speak on our behalf and also on behalf of the Parliaments of Latin America—to hold a meeting here too with some members of the Committee for the Future of Finland, obviously respecting that process that you are scheduling for October. Perhaps we could do it after that event. We have that difference of seasons, which also lets us coordinate there, but officially and formally we wanted, on our part, to extend that invitation to visit Uruguay, in a meeting also with other parliamentary commissions of Latin America, with which we have already been talking.

MS. VANAMO-SANTACRUZ.— I think it is a very good and interesting idea. Would that be next year? As I understand it, there is an event in Finland and you have said that you have received the invitation from the Committee for the Future of Finland.

THE CHAIR.— They have announced to us that we are invited to that October event.

MS. VANAMO-SANTACRUZ.— Exactly. So it is next year. Of course the idea of organizing something regional seems to me very interesting, and I will pass this message on to the Finnish Parliament, as an idea and a pre-invitation. Will you have the possibility of going to Finland or have you not yet made the decision? Perhaps this depends on the situation.

THE CHAIR.— We have made the determination to take part, since it interests us especially. As is natural, we received that announcement from the Embassy about the possibility of participating and, in principle, if this pandemic lets us, we would do it with a delegation from this Special Commission on Futures.

MS. VANAMO-SANTACRUZ.— I am glad.

THE CHAIR.— If no one else wishes to make any other comment, observation, or proposal, we will accompany the members of the delegation on a visit to the Uruguayan Parliament.

MS. VANAMO-SANTACRUZ.— There would be a great many other very interesting things to talk about, for example artificial intelligence, and Ms. Ahvenjärvi also knows a lot about that, but perhaps it would be a topic for some other event in connection with the futures commissions. In Finland there is knowledge in that area too, so we are at your disposal.

Thank you so much for this meeting.

THE CHAIR.— Thank you very much to you.

The meeting is adjourned.

(The time is 16:19).

Montevideo, Uruguay. Legislative Branch.