

Global Risks : Growing Social and Economic Disparities

COVID 19 pandemic has made apparent structural constraints impacting social and economic disparities in a divided world economy. What private sector can do?

WASHINGTON DC, DC, USA, May 16, 2022 /EINPresswire.com/ -- The COVID 19 pandemic has not only made apparent structural constraints impacting social inclusion and increasing disparities within countries but has also contributed to increasing the existence of a divided world economy. According to Susana Carrillo, stakeholders and experts have increasing concerns about the state of the world, thus highlighting the need for intercontinental collaboration.

The "Global Risks Report 2022" published by the World Economic Forum, confirms that according to the "Global Risks Perception Survey", 84% of respondents are concerned about the state of the world; 61.2% are concerned about the outlook for the world in the next two to three years. For a longer span horizon, the key concerns are centered around climate change, significant deterioration of the environment, and loss of biodiversity which will have ripple effects on the state of global health, access to food and water.

An important finding of the report is that "51 million more people are expected to live in extreme poverty by 2030". This number not only represents a higher level of social and economic exclusion but is a reminder that factors like the increasing digital divide, education and skills gaps perpetuate extreme poverty. Projections show that developed economies will increase their pre-pandemic growth rate by 0.9%. However, developing economies will be at much lower growth rates with Africa and Latin America suffering the most.

Looking at regional level, in the case of Latin America for example, which was in a growth path between 2004 and 2012; now it is experiencing the highest decline faced by the region in the past 60 years. GDP growth rate projections for Latin America are 6.3% for 2021 and 2.1% for 2022. If we look at projections for South America, they are 6.4% for 2021 and 1.4% in 2022 and for Central America and Mexico, 6.0% in 2021 and 3.3% in 2022.

While the COVID19 pandemic certainly has had a significant impact, structural weaknesses play a central role in derailing a sustained growth path. For example, some of the challenges faced by countries in the region include a weak public sector, high levels of corruption, low participation of the private sector in ESG and weak focus on doing business with impact. Additionally, poor

access to education and health services for the lower income brackets of the population; increasing impact of climate disruptions; illegal mining activities; drug trafficking; high levels of violence, are all growing challenges.

Even though the region had significant GDP growth between 2000-2010, not enough was done in terms of creating systems / policies and institutions to decrease social and economic exclusion. The COVID19 pandemic has not only exacerbated income inequalities but increased the gap in access to public services like health and education. The region has the second highest wealth gap in the world.

This context has caused a high level of dissatisfaction and mistrust among the population towards governmental institutions and their role in the development of their country. Recent polls show that high levels of violence, increasing levels of gang activities and decreasing presence of the state in citizen's security is a common characteristic in countries like Mexico, Peru, and Guatemala. Research confirms that most of the population in the region feel that power is concentrated in the hands of a few and not necessarily from public sector institutions, but from the private sector. This concentration of power aligned with weak public sector institutions (governance and service delivery) exacerbates and perpetuates inequalities and social exclusion.

Rethinking The Role of Private Sector

The imminent risks that are growing because of the increasing income gaps and social instability, requires rethinking the role of economic power groups in Latin America. Shifting models from purely "profit making as the key objective for businesses" towards "doing business with impact", is rapidly growing in advanced economies because of increasing demands from consumers, investors, and external disruptions (climate change and need for environmental protection). These trends should also be embedded in company's business models, focusing on becoming agents for change in Latin American countries.

Private sector has the power to transform its relations with government and civil society organizations from "controlling" towards convening, creating spaces for mutual multi-stake holder collaboration, building positive dialogue and support for needed structural reforms.

Susana Carrillo

Global Consultant (Independent)

+1 7036287950

[email us here](#)

Visit us on social media:

[LinkedIn](#)

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2022 Newsmatics Inc. All Right Reserved.