THE MILLENNIUM DEVELOPMENT GOALS: A COSTLY DIVERSION FROM THE ROAD TO SUSTAINABLE DEVELOPMENT

CRITICAL PERSPECTIVES

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Preface

This paper (still to be edited) on the subject of the Millennium Development Goals (MDGs) is jointly presented by **Development Alternatives Global-DAG** and **TRANSCEND** Research Institute.

In the introductory section **Branislav Gosovic** (formerly head of the South Centre secretariat in Geneva) addresses the MDGs issue in the context of six decades old North-South development dialogue and negotiations. In the second section **Ashok Khosla** (founder and president of Development Alternatives (DA), an Indian NGO engaged in promoting sustainable development) discusses the MDG concerning water and sanitation. In the third section **Ann Zammit** (most recently associated with the UN Research Institute for Social Development in Geneva) argues that, due to the neoliberal nature of the Poverty Reduction Strategies adopted by many developing countries, the MDGs are unlikely to be achieved by the designated date of 2015. In addition, new issues, including climate change and access to resources, are likely to impede achievement of the MDGs. In the fourth section, **Johan Galtung** (founder of TRANSCEND, the peace and development network) explores possible ways of meeting MDGs and some mainly non-economic obstacles the goals are up against. The closing section of the paper presents a few brief conclusions drawn from the preceding four contributions.

The authors, whose professional careers span several decades, have participated in, and contributed in various ways, to the global struggle for development and an equitable, just and democratic world order. They are founding members of the recently established Development Alternatives Global (DAG).

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I. MDGs and the North-South Development Dialogue

Branislav Gosovic

Recalling the historical context

The Millennium Development Goals (MDGs) appeared on the development scene at the Millennium UN General Assembly in 2000. Since then, they have been at the very centre of attention and have largely eclipsed other issues and concerns on the international development agenda. It is important to recall the context in which MDGs arose.

MDGs, their adoption and follow-up, represent yet another episode in the evolution of the six decades old and mostly frustrating North-South development dialogue, argumentation and negotiations. This continuing encounter between developed and developing countries had its earliest manifestations in the fold of the fledgling UN when SUNFED was discussed, as well as at the Havana Conference, which failed to establish the International Trade Organization.

The collective global South, which emerged in early 1960s when the Non Aligned Movement (NAM) and the Group of 77 were established, mounted an organized challenge to the existing international economic order dominated by the developed countries, and thus a challenge to the global North itself. This challenge consisted essentially of the following elements:

- ✓ Demands that the international community should recognize their economic backwardness and grant them appropriate, differential treatment that would support and facilitate their national development efforts. This was to be done in the broader context of modifying and restructuring the international economic environment so that it becomes more friendly and conducive to their national development efforts, or as a minimum to buffer some of its more detrimental effects and overcome some of its manifest inequities.
- ✓ Efforts to establish a moral, political and where possible legal obligation on the part of the developed countries to undertake and implement given domestic measures in support of development.
- ✓ Attempts to use and strengthen the UN, as the multilateral instrument that would promote and attain the above objectives. This was to be done in the broader context of UN's contributing intellectually and politically to the emergence of a new world order and a global system inspired by the post World War II anti colonial/imperialist wave of political and economic independence that had swept the planet.

In the early stages the global South recorded notable and important policy advances in this direction, including institutionally when UNCTAD and UNIDO were established.

This drive caused consternation and alarm in some circles in the North, while giving hope to the developing countries that they will succeed in their quest, change the world, develop and bolster their own economic/political independence and sovereignty, and assure for themselves an influential and dignified role in the world arena, relying on and with the help of the UN and of other multilateral institutions.

However, the initial, high hopes and expectations raised during this period failed to materialize. The early 1980s marked a turning point and the eventual end of the North-South development dialogue and negotiations. The North, taken aback by the creation of OPEC and more generally by the drive of developing countries to gain control over their own natural resources, by the New International Economic Order (NIEO) initiative, by the rise of oil prices, by domestic recession and economic downturn, switched into a politically conservative and offensive mode spearheaded by the arrival of Thatcher and Reagan administrations.

The incoming leaders, who were inspired and guided by a conservative paradigm and political outlook, had no sympathy for developing countries' claims and were dismissive of what they considered as "leftish" or "socialist" developmentalist agenda. They wanted to neutralize and roll back the challenges from the South. The new stance called for a rewrite of the development agenda, and for rehabilitating and re-imposing the old world order, with the world economy dominated by the capital and the North. The age of the neo-liberalism and neo-liberal globalization was dawning.

The new approach by developed countries *grosso modo* consisted of several, interrelated and mutually supporting elements:

- Largely ignoring, negating and neutralizing the international development agenda that had crystallized in the United Nations during the earlier period, and in particular preventing consideration of hard core economic issues in the UN framework, including those that had to do with the very nature of the system, management and structures of the world economy.
- Changing policy focus to "putting one's own house in order", namely to national development and domestic responsibilities of developing countries and the related prescriptions for them to follow, while sidelining and minimizing the issues related to international economic environment and the responsibility of developed countries in supporting development.
- Destabilizing and undermining group action of the South through divisive tactics and placing developing countries, individually and collectively, on a defensive by intrusion into their domestic policy space, *inter alia* by championing human rights, criticizing corruption, lack of transparency and democratic governance deficit, and pressuring and disciplining select (non-compliant) developing countries on account of the above.
- Bringing into first plan humanitarian aid and relief in case of natural and manmade disasters and conflicts, which could also be used as a political-economic instrument for imposing diverse conditionalities, while casting the North in a positive image of doing good and tangible things for the developing countries and those in the South who find themselves in distress.

- Marginalizing and minimizing UN's policy and technical role in dealing with global economic issues, and also disabling it as a source of intellectual and logistical support for developing countries' action via G77 and NAM and thus weakening developing countries' collective ability to challenge the system and their initiatives for change.
- As part of the emerging North unilateralism, concentrating decision-making, intellectual leadership and action in those multilateral institutions they fully control and where developing countries lack influence and initiative, such as IMF and the World Bank, or to their own mechanisms where developing countries are not present, such as OECD or G7.
- Securing a global ideological shift to the right through all-pervasive market fundamentalism, denying the role of the state to seek and promote given economic and social objectives and goals, and the related rejection of the need for corresponding intergovernmental action in the international economic sphere. The above in effect pulled the rug from under the feet of the international development agenda as had evolved in the UN during the previous decades.

These elements were in the cards already in mid-1970s, in the intellectual fodder being prepared by the right wing think tanks such as the Heritage Foundation and networks such as Mt. Pelerin Society, for use and inspiration of the conservative political forces, which eventually came to power in a handful of key countries and used their domineering position to propagate and impose this vision worldwide.

While the tide of the "new" thinking was rising, the developing countries were on a retreat and hardly in a position to resist effectively. Most of them were in difficulties because of external debt burden, experienced domestic economic and political problems caused by global recession, and in general were in a politically vulnerable position having to plead for relief and seek support from the North and the multilateral financial institutions. The situation was made more complex and difficult by the spread and acceptance of neo-liberal policies and thinking in the South, at first through conditionalities and structural adjustment programmes (SAPs) administered and imposed by MFIs. These in turn generated domestic political and social tensions and crises, including armed conflicts and wars, destabilizing many countries from within.

The emerging situation undermined and weakened the collective stand of developing countries in the world arena, a trend which was accentuated by the collapse of the Soviet bloc and the TINA ("there is no alternative") global political and media thrust of neo-liberal *pensée unique* meant to eliminate political alternatives and intellectual dissent and effectively to brainwash the world public opinion and policy makers.

Thus began steady erosion of the UNCTAD and NIEO agendas and of the basic principles and measures that the developing countries had fought for since the early 1960s. The story is well known of the Uruguay Round negotiations and agreements reached, including the establishment of WTO as the missing piece of the institutional triad with the IMF and the World Bank. Indeed, WTO emerged as the principal instrument for spread and consolidation of neo-liberal globalization through global legally binding regimes. As for development, it was entrusted to the dynamics of free market forces. This negated the basic postulates of the UN international development strategy and agenda, though some lukewarm recognition of these remained in the more clement treatment supposed to be granted to the least developed among developing countries.

The origins of MDGs

End of the triumphant neo-liberal globalization decade of the 1990s and the beginning of the new century and millennium, were marked by the UN Millennium General Assembly held in 2000. On this occasion, the Assembly adopted the Millennium Declaration.

Based on the Declaration, a short while thereafter, a task force composed of secretariat staffs of the UN, IMF, OECD and the World Bank, distilled a set of Millennium Development Goals, drawing also on the Secretary General's report "We the peoples, the role of the United Nations in the 21st century". The aim was to help focus national and international priority-setting, goals and targets, on the assumption that "clear and stable numerical targets can help trigger action".

The eight goals, 18 targets and more than 40 indicators that were listed and that were mostly derived from those parts of the SG Report and of the Declaration dealing with poverty eradication, were endorsed by the Assembly, thus becoming the new centre piece of the international development agenda. The goals were based and drew on decades-old work in the UN, including the basic human needs (BHNs) concept of the 1970s and the 1995 Social Summit.

The work of the United Nations, and of its intergovernmental bodies, including the General Assembly, often referred to as the "first United Nations", relies on and depends on the footwork of those who prepare and coordinate the analysis, data, conclusions and recommendations, namely the secretariat staff, referred to as the "second United Nations". Thus, in the 1960s and 1970s, for example, the UNCTAD secretariat played a leading role, as the champion of development cause and the engine and intellectual source of proposals and ideas which found their way into the international development strategies and decades, final acts and outcomes of international conferences, G77 platforms, etc. Such activism of international civil servants was not looked at with favour by the developed countries.

Therefore, one of the main strategic goals of the "counterrevolution" from the North was to gain control over and tame the international secretariats, their executive heads and the civil servants, and to bring their work and outputs in line with the preferences and views of the developed countries, and the political outlook and thinking common in the Bretton Woods institutions. Today, the void created by disempowerment and marginalization of the UN, and of UNCTAD in particular whose hard-pressed secretariat has become a shadow of the old self from the 1960s and 1970s, is sorely felt in the development sphere.

The report prepared in the office of the UN Secretary General which provided the basis for the work of the Millennium General Assembly, was thus largely set within the policy framework of what was permissible and fashionable under the dominant credo of the neo-liberal globalization. It did not show adequate awareness or concern for developing countries' problems, views and sensitivities, or indeed for the development-related debates, agreements and outcomes of international conferences of preceding decades.

The draft of the Millennium Declaration, which was the basis of negotiations in the General Assembly, was also prepared by the office of the UN Secretary General, and was much along the lines of his report. Developing countries invested a good deal of effort in modifying the draft and introducing their views and concerns into the text. However, in the short time available during the Millennium Assembly and with the heads of state and their speeches occupying the centre stage, it was difficult to modify the basic thrust of the document as drafted, or to change its character. While the final document adopted by the Assembly is relatively balanced, ultimately this did not matter very much. As is often the case with such documents, unless systematically promoted by a determined and influential coalition of states, the declaration was largely forgotten and remained a hortatory instrument, occasionally referred to but with little practical impact or political importance. What supplanted and overshadowed it were the Millennium Development Goals or MDGs.

In a qualitative sense, MDGs goals cannot but command the approval and consensus of all, South and North, as they aim for achievement of key basic human needs objectives, reducing poverty and uplifting the living standards of significant proportion of humankind that leads a precarious existence in material deprivation and social marginalization. By providing quantified content to these objectives, even specific "targets", it gave them greater policy weight and a measuring rod to follow their implementation, and an easy to understand reference for the public, which tends to respond more readily to and shows greater appreciation for numbers than for vague concepts or general policy objectives.

The MDGs, what was included and what was left out of them, as well as their quantitative dimension, would have benefited from a more thorough and wider discussion and consideration, and broader involvement, including that of developing countries who were the most concerned, as well as of civil society. The goals, however, were a product of a non-transparent, internal process, namely the Secretary General's report and the consultation between a few staff members of carefully selected organizations that were hardly representative of the developing countries' views – placing the international community and the UN General Assembly vis-à-vis a fait accompli, without a proper opportunity to consider and debate MDGs in depth.

MDGs' Effects on the North-South dialogue

Whether unintentionally or otherwise, the MDGs have had an unfavourable impact on the content and relevance of the North-South development negotiations and the international development agenda. Their simplicity, political, substantive and media appeal given that everyone supports efforts to overcome poverty, especially when quantified, helped MDGs to become the central and principal preoccupation, largely limiting the international development agenda on consideration of and quest for these goals.

Seven out of eight MDGs address the developing countries, their responsibilities and highlight clear and measurable targets against which to follow and judge their progress or lack thereof. The spotlight was thus directed mostly on national development and performance of the countries of the South, and what they ought to be doing and how in their own domestic policies. At the same time, the issues having to do with international economic environment, the responsibilities of the developed countries and of global economic actors, and the gaps and faults that continue to separate the North and the South were sidelined and diminished in importance, thus further consolidating this long-sought strategic objective of the North. (Similarly, it bears mentioning in this context the fact that the closure of the UN Centre for Transnational Corporations (UNCTC) at the beginning of 1990s and the more recent adoption of the Global Compact, have contributed to the virtual disappearance of in-depth, systematic and critical consideration of TNCs within the UN. This was the aim sought by the key developed countries and their corporations ever since this subject was placed on the UN development agenda in the mid-1970s.)

The international economic environment, the hardcore economic issues, and the responsibilities of the developed countries, were minimized although not completely forgotten because they figure in MDG goal 8 dealing with the transfer of resources from North to South, with the stress placed on 0.7% ODA target. The donor financing was supposed to supplement public investments in developing countries needed for attaining of various MDGs.

ODA performance of the North does not seem to have been energized by the MDG 8, and continues to hover around 0.28%, a far cry from the 0.7% that is reiterated at every international forum. And even were ODA performance to improve markedly and public development finance to be targeted towards implementation of MDGs, public financial transfers is only one item on the development agenda. Over the years ODA has also been a policy tool of convenience used in particular by key developed countries with global reach to advance their own interests and achieve their policy goals; it is hardly a means to address systemic biases faced by the developing countries in the international economy and is only one among the many items and issues on the international development agenda.

The 2005 Millennium + 5 UN General Assembly was meant to review the implementation of the MDGs and to adopt a roadmap for continued efforts at their achievement by 2015, even by the poorest countries. A major background report commissioned by the UN Secretary General was prepared for this occasion, entitled “Investing in Development”. This was a useful document, whose authors seemed to rediscover earlier development work within the UN and the critical importance of the international economic environment for development, highlighting the need to focus on measures and actions that should be taken in this largely ignored domain, if MDGs were to be attained. In a sense, this report could have served as a wake-up call. It offered an opportunity to regain a degree of equilibrium in the approaches to development by the international community, which had been steadily eroded and weakened since the 1980s watershed.

However, this was not to be the case. In the post 9/11 era the North was hardly in a mood to give up its strategic and tactical advantage that it had established while the South was weak, disorganized, and ill prepared to mount an initiative. The Group of 77 was further disadvantaged lacking support of the UN Secretariat and the Secretary General, who were also under great pressure of the North and its media on account of alleged corruption stemming from the "oil for food" initiatives. Most of the energy and attention of the Group of 77 was in the end channeled into limiting damage in UN reform negotiations, which were also on the agenda of the Millennium+5 General Assembly.

As a sidelight, it is interesting to note that one of the practical MDG measures recommended in the Millennium Project Report, namely supplying the poor in malaria-affected areas in developing countries with insecticide-impregnated mosquito nets, caught the imagination of the media and some celebrities from the entertainment world attending the Davos World Economic Forum, the public opinion in the North, some governments and institutions.

Supplying free mosquito nets to many poor individuals in the South, especially the children, is very useful and commendable. Mosquito nets, much like humanitarian assistance to people affected by tsunamis or typhoons, earthquakes, armed conflict, and landmines, as well as human rights of individuals, generate a positive response among the public in the developed countries, which is eager to see tangible, practical results in return for its good will and generosity. Unfortunately, these acts and concerns do not address and do not have an impact on larger issues of North-South relations and development.

Thus, in sum, as concerns the international development agenda, the MDGs, regardless of their intrinsic value and importance, have contributed to extending the *status quo* in North-South development dialogue which has been prevalent for almost three decades now, in further neutralizing any systemic challenges that could arise from the developing countries, in diverting attention from key problems and shrinking and restricting the international development agenda to select issues permitted or favoured by the North.

The above aspects of the global development policy situation are seldom appreciated. This should not be surprising given:

- Political and intellectual dominance of the international economic discourse by the North and its consistent policies over decades in defense of its interests and pursuit of its strategic and geopolitical goals;
- Lack of any effective challenge or alternative thinking from within the United Nations system, which has been largely neutralized and marginalized; and

- Disarray within the South, both as a group and as individual developing countries, which were confronted with and could not effectively resist the rising tide of neo-liberal globalization and unilateralism emanating from the major centres in the North, which pursued what amounted to a comprehensive cold war offensive against developmentalism and Tiers Mondisme, and their intellectual and political legacy and manifestations.

Given the quiescence on the development scene of the traditional governmental and intergovernmental structures, it is some sectors of the civil society, both from the North and the South, that have persisted in the struggle in spite of the ascendance of neo-liberal globalization. They have kept the flame live by drawing inspiration from the principles, structural and specific goals that were part and parcel of the earlier international development agenda and of the long ago mothballed objectives and principles of the New International Economic Order era.

Beyond MDGs – returning to the roots of the international development agenda

Further fixation with MDGs, however praiseworthy and valuable they may be, cannot continue in isolation, detached from structural issues of world economy, North-South relations and nature of development. What is needed is to revive the holistic, systemic approach to global development challenges, structures, and the nature of global economic governance, which is emerging as an imperative in the 21st century.

Various crises, financial turmoil, speculation, food security problems, energy prices and climate change challenges, and the “spontaneity” of the so-called “free market”, all have consequences of global proportions and with worldwide impacts. The developing countries and the poorest in particular, are affected most severely, with the quest for MDGs undermined as part of collateral damage. The above and the revival of crass unilateralism and global imperialism outlook in the centres of power in the North, have projected the urgency for renewed and serious attempts to deal with the global fractures between poor and rich, weak and powerful, marginalized and privileged that separate North and South, and are manifested within individual countries and societies.

Poverty, or alleviation of poverty and minimization of suffering, was imposed by the North as the key and priority issue of international development agenda, detached from and without reference to its structural causes, their removal and the global economy context. However, poverty alleviation, as well as quantified global objectives such as MDGs, need and should be part and parcel of a holistic global development agenda.

Poverty will gradually disappear and MDGs – which should be renegotiated and expanded to become more ambitious and comprehensive development and policy goals for the entire international community – can be achieved through a comprehensive global strategy and actions that cover the whole spectrum of interrelated domains. This strategy should address not only developing countries but also countries of the North. It should also correct the blind spot in North-South dialogue by addressing the role of corporations and capital in a globalizing economy, whose actions affect vitally world development and peace agendas and prospects. It should focus on patterns of development and lifestyles that are of such critical importance for attaining sustainable development goals. Novel approaches to sharing and equitable distribution of world wealth and product will inevitably have to figure on the global development agenda in the years to come.

To reiterate, all this implies returning to the roots, namely to an integrated and comprehensive development strategy which had been initially attempted several decades ago but could not be really implemented due to North opposition, until it was simply removed from the international agenda by the superior power and organization of the developed countries. It means also overcoming the dependence of the UN on the North and its finance, and the stultifying consequences of this for the ability of the organization to fulfill some of its key functions provided for in the Charter and to advance global objectives and common interests of the humankind.

The above situation, which occurred because of lopsided power imbalance in favour of the North that had prevailed during the recent decades, must be changed. Time has come for the South, which today is more powerful and should be also more self-assured and aware than during the recent times, to reconsider its collective goals, agenda and institutional mechanisms, and to assume global initiative that it once had. This should include revitalizing the United Nations, as the key instrument in the continuing struggle for global equity and democratization, and in the quest to evolve corresponding instruments for global governance.

2015, when the balance sheet of MDGs implementation will be considered, is around the corner. By then 50 years will have elapsed since UNCTAD I and 40 years since the Sixth Special Session of the UN General Assembly which represented the high points of collective presence of developing countries in the world economic arena. 2015 presents an opportunity for the South to act and reassert its voice and influence again. It is time to begin moving in this direction.

II. MDG Target 10 - Access to Safe Drinking Water and Basic Sanitation Definitions, Measurement and Expectations

Ashok Khosla

Access to drinking water and sanitation are two of the key indicators of human well-being.

At the Millennium Summit at New York in 2000 and the World Summit on Sustainable Development at Johannesburg in 2002, governments explicitly recognized the importance of increasing access to safe drinking water and basic sanitation as essential prerequisites for development and the reduction of poverty and set goals, called the Millennium Development Goals (MDGs) to be achieved for the provision of these amenities. To reach these goals at a national and global scale, governments, the private sector, and civil society must raise the priority attached to them in their work. Experience in developed countries and results from innumerable studies in the developing ones have shown that the cost of delivering safe drinking water and basic sanitation is far lower than the cost of treating the diseases that occur in their absence. There are few actions that national governments, international agencies, and donors can take that are of higher social, economic, or environmental value.

The efforts made by governments, industry, civil society, and others worldwide during the years since these meetings took place were assessed in a recent survey undertaken by Development Alternatives for the Global Governance Initiative of the World Economic Forum and the Swiss Agency for Development Cooperation. The assessment, which is based on inputs from experts in the field, a review of recent surveys, current publications, and relevant websites, clearly shows that if global efforts continue at present levels, it is unlikely the global community will reach even half way towards meeting the MDGs for safe drinking water and sanitation. What is more, if by some miracle of international cooperation these particular MDGs were to be met, there would still be, in the world of 2015, only a marginal decrease in the number of persons on this planet without drinking water or toilets from the number we had 1990!

The Goals

The primary goal for safe drinking water was established in the Millennium Declaration (of the Millennium Summit, New York, 2000) as part of the Millennium Development Goals (MDG): ***to halve the proportion of the world's population that does not have safe access to drinking water by 2015***. This was reiterated in the WSSD Action Plan (Johannesburg, 2002) and expanded to include basic sanitation: ***to halve the proportion of the world's population that does not have access to basic sanitation amenities by***

2015. The baseline year for drinking water was specified as 1990 and it is assumed here that the same baseline year applies for sanitation.

Both Goals are expressed as "proportions", i.e., in percentage terms.

According to the United Nations, the world's population in 1990 was 5.26 billion. For 2015, its best ("medium") projections expect it to be 7.3 billion. *[The United Nations Population Information Network, 2002]*.

The World Health Organization states that in1990 there were approximately 1.126 billion (21% of the world's population) without safe drinking water and an estimated 2.361 billion (45% of the world's population) without sanitation. *[The Global Water Supply and Sanitation Assessment 2000 Report of WHO]*

It should be noted that at various times, UNICEF, the World Bank, and other agencies have presented somewhat different numbers and percentages for 1990, presumably because they based their findings upon alternative definitions and/or different methodologies for collecting the data. *[UNICEF, Progress of Nations, 1997 Water and Sanitation*]. However, the WHO estimates appear to have gained general acceptance, and much of the recent literature is converging on them, and so these figures are used here.

The Table below shows the numbers and percentages of people without safe drinking water and basic sanitation in the baseline year and projected for the target year.

Basic Need/Amenity	Drinking Water	Basic Sanitation
Population in 1990 [UN, Actual, Millions]	5,260	5,260
Millions without Amenity in 1990 [WHO]	**1,126**	**2,361**
	▼	▼
% of People without Amenity in 1990	21%	45%
	▼	▼
% of People without Amenity in 2015 [MDG]	10.5%	22.5%
	x	x
Population in 2015 [UN, Med. Proj., Millions]	7,300	7,300
	▼	▼
Millions without Amenity in 2015 [MDG]	***770***	***1,640***

If the two goals *are* fully met, the number of people without safe drinking water would, over the 25 year time horizon, decrease from 1.13 billion to just under 0.8 billion; and the number of people without sanitation would decrease from 2.36 billion to 1.64 billion. According to this projection, in 2015, there would still be more than one and a half billion people without one or both of these basic amenities, a situation which could hardly be called satisfactory – especially from the point of view of those who have to live in these conditions. ***Despite the modesty of these goals, at the current rate of progress even they will not be met.***

There are many other fundamental problems associated with the statement of these goals and the means of measuring progress towards meeting them. There are wide definitional variations of what constitutes "safe drinking water" and "basic sanitation". And each has widely different cost and effort implications.

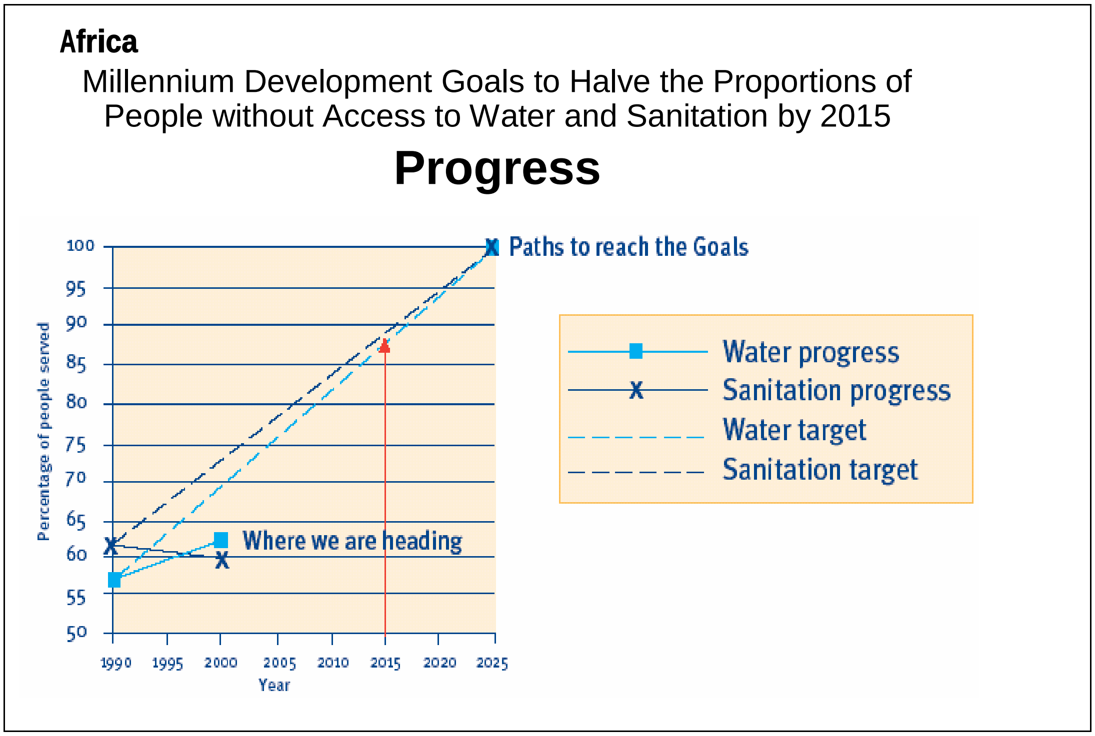
A further complication arises from different views of what the terms "access to" and "sustainable" mean for these amenities and what the term "safe" means for water and "basic" means for sanitation. Access is often taken to be a facility such as a standpipe, well, or public toilet within reasonable distance. In India, for example, a household is considered to have access if there is a water source within one mile (1.6 km). In many cases, it is not the individual or the household access that is measured but the village as a whole. Where there is a water source, it is not necessarily accessible to all, for whatever reason – physical, economic or social. In practical terms, it is not clear what providing "basic" amenities will actually mean, and this will most likely vary in difference contexts and countries. The need to replace old, dysfunctional infrastructure during the period will further add to the amount of effort needed to meet the goals.

The statement of the Goals, in terms of highly aggregated variables (% of the world's population, etc.) belies strong variations among and within regions and countries between those who have access to these amenities and those who do not. While the drop in percentages of people without access is defined precisely, it is quite difficult to determine what this means in actual numbers, which is after all what the plans and actions are aiming to achieve. None of the MDG websites provides such numbers. For example: how many people were without drinking water and/or sanitation in 1990 and how many will there be in 2015 if the Goals are met. This imposes a considerable challenge to identify *what* needs to be done, *where* and by *whom*.

The Goals are, therefore not particularly ambitious nor defined precisely enough to enable actors at various levels or in different sectors to formulate specific methods to operationalize strategies to meet them and monitor progress towards them. *But* they are the only goals we have, hammered out through difficult negotiations and committed to at the highest levels of national government. It is therefore important to find ways to work with governments, the international community, as well as the private sector and civil society, to accelerate the process of attaining these goals, however unambitious they might be.

Water and Sanitation – Today and Tomorrow

Inputs from experts, in this survey, and from recent publications and assessments indicate a broad consensus that not enough effort is being made to achieve the MDGs for water and sanitation. According to the World Bank, "at present rates of service expansion, about 37% of the developing world is on track to reach the water supply target and about 16% to reach the sanitation target. When viewed on a country basis, the picture is more dire … no more than 20% of countries are "on track". One of the expert respondents provided a graph prepared by WaterAid, UK, reflecting the progress made towards meeting these goals in Africa.



In other regions of the world, including several countries in Latin America and Asia (eg, China, India, and the Philippines) the trend is somewhat more positive but still probably not sufficient to meet the goals, particularly the one for sanitation. For example, since 1985, the Chinese government, supported by the World Bank, has developed its Rural Water Supply and Sanitation Program. Under this program, approximately six million households have benefited from improved services.

To meet the goals for safe drinking water and basic sanitation, a wide variety of initiatives are needed. These include information and research generation and dissemination, creating incentives, establishing appropriate institutions, formulating relevant polices and legislation, and effective and equitable allocation of resources.

In the area of **Information**, respondents felt that the effort in creating public awareness was somewhat higher than the average for other interventions, particularly in the organization of water-related events and introduction of new publications. A few respondents suggested that currently water could be said to be the "flavour of the month", given the numbers of international and national conferences being held on the subject, the media attention being given to this issue, and active promotion by the United Nations in 2003 as the international year of freshwater. However, little seems to have been done to inject these concerns into school curricula. This reflects the overwhelming international dimension of this issue, which has seen limited implementation at the local level. Research, both in the form of surveys and mapping of these issues and in the development of new technologies, was also considered far short of that needed to meet the goals.

Information has the potential at the community level to be an effective means to improve sanitation practices. Small gains can be made, although 'bigger' issues such as improving long term availability of water are harder to address at this level. In terms of better hygiene practices, water users at the community level benefit from information on how to draw and consume water safely, and about safe habits of hygiene and sanitation. For example, in the 1990s, an initiative in Central America documented results from a study of four private soap companies which launched hand washing campaigns in Guatemala, Costa Rica, and El Salvador in collaboration with the public sector. The result in Guatemala was a recorded 30% increase in correct hand washing behaviour in mothers, and 320,00 fewer cases of diarrhea per year in poor children under 5.

Introduction of specific **incentive systems**, primarily by governments and for corporations in the form of pricing, tax measures and subsidies were found to be generally inadequate. Programs to promote water and sanitation infrastructure in rural areas, such as the Swajal program in India financed by the World Bank have yet to be evaluated, let alone replicated on a wide scale. Although official programs are becoming more participatory in their design and implementation, they still suffer from being driven by top-down, technology, and target imperatives, rather than bottom-up measures which are inclusive of those who most need it. Official programs also suffer from short-term outlook, and many of these incentives have been seen to accelerate delivery of water and sanitation services at the expense of longer term sustainability.

Much of the debate on accelerating the provision of safe drinking water, particularly in urban areas of the Third World has revolved around such issues as pricing, cost recovery based systems, and privatization of delivery services. These are certainly important for reasons of both scalability and sustainability, However, there seems to be a broad consensus that equity considerations demand that other factors such as stakeholder participation, community control and empowerment and, ultimately, public sector responsibility must be central to the design of any viable improvement to the provision of water and sanitation.

Privatization of water is often suggested as a means of improving the efficiency of delivering this vital resource, particularly in urban areas and to industry. However, in the absence of strong institutions of governance to enforce universal service provision, this strategy rarely leads to equitable access to water for all. Even without the establishment of formal mechanisms, it was pointed out by a researcher that de facto privatization of drinking water is already taking place – on a large (but relatively invisible) scale. For example, the expenditure on bottled drinking water in India in 2002 was $ 370 Million, growing at some 80% per year. At this rate, the expenditure on bottled drinking water will exceed the entire national budget for municipal drinking water supply within the next three or four years. Unfortunately, the implications of this trajectory for solving the drinking water problem of the country are quite stark: some ten to twenty million people, those who most influence policies and budget allocations, will have insulated themselves from the drinking water problems of the remaining one billion. It is not difficult to imagine how this would affect the setting of national priorities and what the impact could be, both on the vast majority and on the attainment of the MDGs. This goes to the heart of the equity issue. Those groups most at risk of getting inadequate water supply and sanitation have the least capacity to bring about policy changes that could redress the problem. As a result, the poor and other under-represented groups including indigenous populations and women, are ultimately the first to suffer – they end up by having to pay more for their drinking water; sometimes a lot more. According to a recent article in The Economist (July 2003), the poor in Bangkok pay local vendors 14 times the price of piped water. The equivalent markup is 40 times in Manila and an even more exorbitant 489 times in Delhi.

Measures to promote cost recovery should be designed to promote efficiency and sustainability, but must also account for wide variations in payment capacity. China's Rural Water Supply and Sanitation program is referred to as an example of high payment compliance, with households metered and a strong incentive system whereby the salaries of the operations staff are tied to monthly bill collection. Payment compliance is high, usually over 90 percent. When existing tariffs do not cover operating costs, they are raised. Although the focus, and indeed the success of this approach is overwhelmingly economic, there is some, provision for fairness in the pricing structure. For example, households with individual piped water connections pay more than households receiving lower levels of service. And, legitimate regulation is practiced by the County Price Bureaus, which play a watchdog role that protects the interests of consumers, the rural poor, and providers.

The development of **institutional mechanisms** is given a rating of 4. Research, capacity building, program evaluation systems, and systems of accountability each were rated at about 4. Inter-sector co-ordination, particularly that between social sectors (which are described in the official language as Type 2 partnerships) was seen by experts to be taking off but still had a long way to go. The influence of NGOs, both international and national, appears to be growing and in some countries, such as South Africa and India, they play an increasing role in the design and delivery of water and sanitation systems. In general, NGOs have the unique potential to enhance capacity, in a largely apolitical context. Nascent "Type 2" partnerships can be expected to expand, although not many examples can be found yet in the literature.

There appears to be a sense that in the adoption of more general **policies,** governments have done slightly better than for some of the other actions needed, for example because of the policy papers prepared by governments and for specific commitments made and legislation enacted. Partially as a result of the MDGs and the Johannesburg Plan of Action, national policies and programs for water and sanitation are being accorded higher priority than before by governments such as those of the Bolivia, Philippines, and Senegal. But much remains to be done before national policies and legislation on water and sanitation can be said to reflect international goals and objectives, which include a stronger emphasis on the alleviation of poverty. It is not enough that policies reflect the technical challenges. Policies need to shift from building infrastructure and standpipes and toilets, to ensuring that existing capacity is optimally used to meet consumer demand. And although better policy and legislation can be enacted, the implementation of these national level initiatives, even if they reflect international MDGs, remains a challenge.

Actual **resources allocated** for both safe drinking water and sanitation were seen to be entirely inadequate. Few respondents believed that new sources of funding were being developed at the magnitude needed. The importance of spending on water and sanitation infrastructure is gaining ground in the views of both international development agencies and governments, but the amounts allocated are still well below what is needed – and the amounts spent are even less. According to the March 2003 Report of the World Bank, the current annual expenditure of $15 Billion on water and sanitation globally is half of what is needed to meet the goals.

The overall conclusion was that there would be a substantial shortfall in meeting the MDGs, modest though they were.

Having said this, it must be noted that the provision of both drinking water and sanitation is not necessarily very difficult, nor inordinately expensive. Technologies exist and so do the resources. It is now principally a matter of focusing the energies of the respective sectors of society to deliver these amenities as a matter of priority.

An example, which demonstrates this point is the low-income city of El Alto in Bolivia. The city has 600,000 inhabitants. With government and bilateral support from SIDA, a private concessionaire has improved water and sanitation. With the aim of connecting the greatest number of households, "condominial" low-cost technology was used. Investment costs were reduced by laying small-diameter pipe at shallow depths within sidewalks and yards rather than under streets and drawing communities themselves into all phases of planning and execution. Using this approach all households in El Alto were connected to the water supply. Further, with cooperation from the government, sewerage standards have been modified to allow condominial technology that is affordable for low-income households. Condominial systems, have proven to be cost-effective compared to conventional water supply and sewerage technology as well as affordable by poorer households. In terms of the resources allocated, more efficient and innovative use of available funds and technology can, with an adequate level of political will and consumer demand, have impressive results.

The actions assessed in this survey complement each other. Concentrating on a single action alone will weaken the mutually reinforcing benefits of these various approaches. The MDGs are becoming well known, but the challenge remains to implement actions to achieve these goals in the given time frame. The focus must now shift to bottom-up measures, with greater inclusiveness of local communities, and a greater focus on institutions and of equity. Policies and legislation need to reflect these overall goals and their targets and avoid being a simple restatement of aspirational goals.

III. The MDGs: Missing Goals and Mistaken Policies

Ann Zammit*

I. Introduction

The Millennium Development Goals (MDGs) anti-poverty initiative was launched in 2000 in response to widespread concern regarding the high and often rising levels of poverty in many developing countries during the 1980s and 1990s, when many countries implemented "structural adjustment" policies (SAPs) under the aegis of the World Bank and International Monetary Fund (the IFIs).

This MDGs initiative has been billed as a major international advance in the field of development policy and development cooperation. It has attracted considerable support from both governments and the general public in the North and has become a central policy objective in many developing countries. Nevertheless, closer examination of the key policy dimensions of the initiative raises serious questions regarding the possibility of reaching the stated goals within the set time frame, if ever.

The discussion below begins in by outlining in Section II the MDG goals and targets, pointing to key some of the crucial omissions from the list. It also points to the fact that unquestioning acceptance of the goals and targets can easily give rise to misunderstandings and false expectations, owing to technical issues regarding (a) definitional issues the specification of the goals and (b) the methods of quantifying them. Deleted bracketed reference to section II

The "feel-good" nature of an initiative whose focus is squarely on removing poverty and important symptoms of underdevelopment would make these hard to belittle if it were not for the fact that the MDGs approach has diverted attention from questions regarding the underlying roots of the problems to be tackled and the all-important issue of policies and measures to tackle them effectively. Significantly this is a subject on which there has been relatively little public debate in the North and for that reason merits a somewhat detailed discussion in this paper.

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* Not to be cited without the author's permission. This paper presents a critical perspective on the MDGs initiative. It focuses mainly on the issues and problems regarding current development strategies and macroeconomic policies that prejudice the possibility of achieving the goals. It is written in a manner that hopefully makes it amenable to being read by non-academic readers. A few bibliographical references are provided to facilitate follow-up of some of the ideas and issues.

Section III briefly outlines the economic and social outcomes of the Washington Consensus of earlier decades in many parts of the developing world, which stand in stark contrast to those of East Asian countries that pursued a very different policy path.

Section IV points to the fact that the only reference to policy in MDGs is stated as a target rather than a goal and urges the further development of an open, rule-based non-discriminatory trading and financial system. This suggests a continuation of the trade and finance policies that structured the development strategies of many developing economies in recent decades with detrimental effects.

Drawing on research evidence, Section V outlines the policy content of Poverty Reduction Strategy Papers (PRSPs) that poor and/or indebted countries are expected to produce as a condition for obtaining debt relief or additional resources. The policies, prepared in close association with the IMF differ little from earlier Washington Consensus policies and the supposed "policy ownership" is highly questionable. Evidence suggests that when preparing the budget or macroeconomic framework of PRSPs no systematic attention is given to the Millennium Development Goals. Moreover, PRSPs are considered to have been unnecessarily restrictive with regard to promoting economic growth.

Section VI briefly refers to a number of new developments that will have an impact on the ability on many, if not all, countries to make rapid progress in eradicating poverty and hunger and in improving the access of poor people to health and education and water and sanitation among other things.

Some indications of what needs to be done to enhance the likelihood of eradicating poverty and making substantial inroads on inequality and the realization of economic and social rights are outlined in Section VII.

Finally, in the Annex, some of the issues raised in the main body of the paper are illustrated in relation to the issue of Gender Equality.

II. The Millennium Development Goals: Content, Targets and Expectations

The Millennium Development Goals initiative adopted at the UN Millennium General Assembly held in 2000 has drawn considerable public support, due to three main factors. First, considerable effort has gone into the public promotion of the goals. Second, the goals are something with which the public can easily identify. Third, the specification of goals accompanied by quantitative targets and indicators and a specified timetable suggests that the objectives are both concrete and realizable. Nevertheless, close examination by development economists and practitioners, among others, reveals a range of problems and questions that cannot be ignored.[1]

[1] See, for example, Saith (2006) for a critical discussion on various aspects of the MDGs initiative.

Identification of a set of development goals began in 1996 in the Development Assistance Committee of the OECD (Organization for Economic Cooperation and Development). A more elaborated version appeared in the UN Millennium Declaration and the UN Secretary General's Report "We the peoples, the role of the Unite Nations in the 21st century". The work by UN staff in elaborating and quantifying the MDGs was carried out in consultation with the staff of the IMF, World Bank and OECD, three institutions whose membership, governing structures and past efforts hardly recommend them as purveyors or disinterested or wise advice on "what is to be done" regarding poverty and development.

Millennium Development Goals*

Goal 1. Eradicate extreme poverty and hunger

Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than $1 a day.

Target 2. Halve, between 1990 and 2015, the proportion of people who suffer from hunger.

Goal 2. Achieve universal primary education

Target 3. Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

Goal 3. Promote gender equality and empower women

Target 4. Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.

Goal 4. Reduce child mortality

Target 5. Reduce by two-thirds, between 1990 and 2015, the under-five mortality.

Goal 5. Improve maternal health

Target 6. Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.

Goal 6. Combat HIV/AIDS, malaria, and other diseases

Target 7. Have halted by 2015 and begin to reverse the spread of HIV/AIDS.

Target 8. Have halted by 2015 and begin to reverse the incidence of malaria and other major diseases.

Goal 7. Ensure environmental sustainability

Target 9. Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources.

Target 10. Halve, by 2015, the proportion of people without sustainable access to safe drinking water and sanitation.

Target 11. Have achieved by 2020 a significant improvement in the lives of at least 100 million slum dwellers.

Goal 8. Develop a global partnership for development

Target 12. Develop further an open, rule-based, predictable, non-discriminatory trading and financial system (includes a commitment to good governance, development, and poverty reduction – both nationally and internationally).

Target 13. Address the special needs of the Least Developed Countries (includes tariff- and quota-free access for Least Developed Countries' exports, enhanced program of debt relief for heavily indebted poor countries (HIPCs) and cancellation of official bilateral debt, and more generous official development assistance for countries committed to poverty reduction).

Target 14. Address the special needs of landlocked developing countries and small island developing states (through the Program of Action for the Sustainable Development of Small Island Developing States and 22nd General Assembly provisions).

Target 15. Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long-term.

Target 16. In cooperation with developing countries, develop and implement strategies for decent and productive work for youth.

Target 17. In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries.

Target 18. In cooperation with the private sector, make available the benefits of new technologies, especially information and communications technologies.

* Source: UN Millennium Project. 2005. Investment in Development: A Practical Plan to Achieve the Millennium Development Goals. UN Millennium Project. New York.

Key missing goals

While a number of undisputed poverty concerns are included in the goals, certain key issues are conspicuous by their absence, in particular:

- Inequality (intra-national and global) as an issue finds no place whatsoever in the list of goals. Shifting people out of absolute poverty is the central goal, even if income differences between rich and poor increase. Ignoring inequality as an issue allows the MDGs initiative to ignore the economic proposition, supported by considerable research, that less inequality is good for economic growth, without which less resources needed for pro-poor measures are available.

- Full employment/productive work for *all* finds no place among the goals. (Goal 8, target 16 refers only to "decent and productive work for youth".) Yet employment or productive work for all is one of the most important means of providing a path out of poverty, as well as being important means of progress in relation to some of the other goals.

- Universal coverage of basic social services is a key policy element underpinning efforts to conquer social exclusion and also for ensuring sustainable equitable growth. Social exclusion, basic social services, and social protection do not feature in the MDGs either as concepts or policy measures.

- Gender equality (Goal 3) measures are confined to removing gender disparities in education. No mention is made of removing gender biases and discriminations such as gender wage gaps and the widespread unequal access for women to resources and social services. These constitute persistent and insidious dimensions of continuing gender inequality and social exclusion that permeates societies almost everywhere. Without specific policies and measures to remove such discriminations, gender justice and equality cannot be achieved.

- Sustainable development does not feature among the goals, though without this many MDGs are unlikely to be realized.

Numerical targets and expectations

The MDG targets are derived from global historical trends and therefore individual countries need to establish their own national targets in the light of their specific circumstances and possibilities. There is a danger that, in turning individual MDGs into targets with specific dates for completion, a few easily attainable and highly visible targets will be set, while failing to give adequate attention to important but complex sector-wide issues. For example, in the provision of universal primary education, the construction of a few additional school buildings could easily be given primacy over policies to ensure universal access to primary schooling.

Statements regarding the goals, targets and outcomes can be easily misunderstood. Population change and other economic and social dynamics may mean that the absolute numbers of people still deprived of basic amenities of life or lacking capabilities such as good health and education, or water and sanitation, actually higher than in 1990, when the initial targets were set. For example, new emerging economic and environmental developments, such as climate change, increasing water scarcity, and the interlinked issues of rising food and energy prices, unless dealt with nationally and internationally in a determined manner, are likely to prejudice attainment of several of the MDGs within the specified period. It is possible that by 2015 even greater absolute numbers of people are deprived of certain of the amenities or capabilities highlighted in the MDGs than at the start of the MDG initiative. This will require constant review of policies and their implementation both at the national and international level.

III. MDGs: Symptoms and Policies

Washington consensus policies and outcomes

As noted above, the MDGs anti-poverty initiative was intended to remedy continuing high levels of income poverty and deprivation including some classified as human rights. Clearly these outcomes cannot be divorced from the economic policies that were promoted in the 1980s and 1990s by the World Bank and International Monetary Fund. Known as “Washington Consensus” policies, these embodied the neoliberal policy preferences of the major economic powers.

The rationale for these policies is based on the belief that the rapid liberalization of market forces is deemed to provide the key to growth and development. Restrictive monetary and fiscal policies, combined with low interest rates, are geared to keeping aggregate demand at a level that is non-inflationary. In turn, low inflation and low interest rates are deemed essential to maintaining business confidence and encouraging private sector investment. Greater reliance on the profit motive and the free play of market forces are expected to lead to greater competition, faster economic growth, structural change and the efficient allocation of resources. External liberalization to promote unfettered international trade and capital flows -- the other essential policy ingredient – are also expected to increase competition and the efficient allocation of resources. According to their proponents, such policies would not only generate higher economic growth and investment but also a more diversified economy (structural change), resulting in higher levels of employment, rapidly rising incomes and a resulting decline in poverty and inequality.

The generally disastrous economic and social outcomes of Washington consensus policies confirmed the criticism of such policies by non-orthodox economists. While inflation and instability were generally brought under control, economic growth rates in many developing countries in the period 1980 to 2000 were lower than in the preceding two decades of import substitution industrialization internally oriented growth strategies). In sub-Saharan Africa, where Washington Consensus policies exercised a dominant influence, growth experience was particularly disastrous: indeed it was negative (–0.4 per cent).

The general developing country experience of neoliberalism was higher levels of unemployment and greater insecurity of work due to higher levels of casual and self-employment, resulting in high levels of poverty and increasing inequality. Negative growth in Africa provided no possibility of raising the level of employment and income for the bulk of the population.

The one in four developing countries that managed to improve their growth record during the period 1980-2000 was from East Asia. In marked contrast to large parts of the developing world, the Asian region's GDP per capita grew at 4.4 percent over the period 1981-2000 – an improvement over its 1961-1980 level. Industrial production grew rapidly in the region, shifting from labour intensive production to skill- and knowledge-intensive industries. Consistently high rates of economic growth and considerable diversification of East Asian economies have been accompanied over a long period by high levels of employment, rising incomes, a reduction in the numbers below the poverty level, and widespread improvements in education and health. The success of the first tier newly industrializing countries (NICs) such as Korea and Taiwan has been sustained, and China and India have made continuous progress for some considerable time. However, as in most countries of the world – developing and developed-- inequality has increased.

Being neither aid-dependent nor indebted to the IFIs, East Asian and South Asian countries escaped the economic imperialism of policy conditionality. Their policy approach has been much more idiosyncratic, aiming to catch up with the already developed countries by means of "directed" development of the market, and a "strategic" approach to integration into the world economy in order to achieve economic diversification. This policy autonomy has been a crucial ingredient of their success.

Africa's poor long-term experience is highlighted by UNCTAD data indicating that over the entire period 1980-2007 African GDP per capita rose only be 16 per cent compared with an average of 100 per cent for all developing countries, and well over 300 per cent for East and South Asian countries. Following the period of negative growth in Africa referred to above, from 2002-2006 Africa's GDP per capita grew at 3 per cent, and since then has risen to around 6 per cent. While the IFIs suggest that this is a late fruition of their structural adjustment programmes, a more credible explanation is provided by the vertiginous rise in commodity prices in recent years, largely in response to the significant rise in demand from rapidly growing economies.

Whether this proves to be a continuing blessing for African economies and facilitates the achievement of MDGs depends on the use made of the rising incomes and government revenues. Washington Consensus SAP policies of the past did little to diversify the economy or to raise productivity levels among small farmers.

The "post Washington Consensus", MDGs and development strategy

In view of the dismal outcomes of Washington Consensus policies, a "post-Washington consensus" emerged at the turn of the century, with "poverty reduction" together with the promotion of "appropriate institutions" and "good governance" (domestic governance) becoming explicit IFI policy objectives to be pursued by client governments. In terms of goals, the MDGs initiative focuses public attention squarely on remedying the symptoms of poverty and underdevelopment. However, reference to the all-important issue of economic policy appears only briefly among the targets. Moreover, the issue of economic growth is absent. To focus on poverty reduction as a goal requires development strategies that are targeted to promote growth, structural change (diversification of the economy) and social change in a manner appropriate to the particular circumstances of individual developing countries. Without growth it is difficult to finance the necessary social policy measures implied by the MDGs and targets. Furthermore, achieving the MDG goals of a more healthy and educated workforce, while of intrinsic importance, will contribute little to social and economic progress in the absence of growth and change in a nation's productive sectors and infrastructure that together generate higher levels of productive employment. Moreover, while growth is essential, pro-poor policies and active pro-poor measures are also required.

IV. The Global Economic System and Development Strategies

As amply demonstrated in parts of Asia in particular, poverty reduction, economic diversification, rising productivity and higher levels of employment require developing countries to adopt purposeful development policies rather than leave things solely to the magic of the market. One of the important ingredients of Asian policy was its "strategic" approach to integration into the global economy, involving selective policies with respect to international trade and investment.

The one explicit reference to specific policies in the MDGs (Target 12 relating to Goal 8) concerns global trade and finance. This target urges governments to "Develop further an open rule-based, predictable, non-discriminatory trading and financial system (includes a commitment to good governance, development and poverty reduction – both nationally and internationally)".

Target 12 suggests no change from past Washington Consensus policies regarding international trade, ignoring the intense conflict between developing and developed countries over the content, interpretation and implementation of many components of the Uruguay Round Agreements on international trade and trade-related matters. Essentially, the results of the Uruguay Round of Trade negotiations that led to the establishment of the World Trade Organization reflect the success of US and European efforts to ensure that their policy interests predominated. The failure of subsequent developing country efforts to gain recognition of their vital interests through the Doha "development rounds" of trade negotiations indicates the distance still to be travelled if developing countries' needs and concerns are to be accommodated.

Target 12 could be interpreted to suggest that the trading system established under the WTO is non-discriminatory. The rules established under the Uruguay Round of Trade and Trade-Related Measures to promote free trade are ostensibly intended to prevent specific acts or measures of trade discrimination. Nevertheless, the WTO edifice itself discriminates against developing countries. The trade and trade-related measures apply to all countries irrespective of their level of development, pitting large developed economies against smaller less developed ones, thereby undermining the capacity of many developing economies to achieve structural change. The concessions granted to developing countries mainly make provision for a short delay before implementing the global rules that apply to high-income and least-developed countries alike, or for tariff preferences for the least developed. To summarize, the international trading regime at present manifests the following characteristics:

- The present rules to promote unfettered trade, and that apply the same trade and trade-related policies to all countries irrespective of their level of development and GDP, (barring deferrals allowing time for implementation) are tantamount to discrimination.

- The graded tariff structure of advanced industrial countries, whereby higher import tariffs are imposed on semi-manufactured and manufactured goods than on unprocessed food and raw materials, discriminates against developing countries and inhibits their economic diversification.

- Dual standards apply:

    Onerous commitments have been expected of new developing country members acceding to the WTO. They have removed import barriers and domestic support for agricultural production that is often their main economic sector. But when manufactured exports of newly industrializing countries appear to prejudice major northern interests "free trade" is put into question.

    Advanced industrial economies have been able to continue providing protection to their agricultural producers: large subsidies are granted to products that compete with output from developing countries who in any case cannot provide subsidies for lack of financial resources.

    For the many middle- and low-income countries that are adversely affected by the WTO global trade regime and advanced countries' protective policies, decades of negotiation aimed at changing the situation have met with no success.

> For some developing countries, discrimination is the rule rather than the exception, due to their exclusion from an expanding web of trade agreements and preferential trade agreements.

Far from addressing the special needs of the developing and least-developed countries, the present international trading system under the WTO could hardly be more removed from such a system. It is not widely appreciated that WTO obligations are obligations of conduct and process, not obligations of results. In other words, the present multilateral system of trade rules is intended to ensure equal opportunities to trade rather than to foster equal outcomes. While removing distortions and restrictions to trade may result in increases in the economic welfare of some countries, this is far from an assured outcome. Judicious liberalization that determines the manner and pace of liberalization according to a country's particular circumstances and changing capacities has been shown to be more conducive to development.

To address the growing structural gaps (that is, the widening gap in industrial capabilities between high and middle income countries and the low-income countries) and to ensure that there is dynamic development in low-income countries requires both greater attention to agriculture and the promotion of industrial policy. However, some of the necessary measures would infringe current WTO rules. Developing countries have major concerns regarding the way they are negatively affected by the Agreement on Trade-Related Investment Measures (TRIMs), the Agreement on Agriculture, The Agreement on Trade in Services (GATS), the Agreement on Trade–Related Aspects of Intellectual Property Rights (TRIPs) and the Agreement on Subsidies. All these agreements have negative implications for the achievement of MDGs and require collective action by developing country governments. As UNIDO (2002) states "appropriate changes in the rules of economic life" are required.

The negative outcome of the Doha Rounds of trade negotiations indicates that there is still strong reluctance in the North to accept, among other things, important changes in the global trading system that would be required if the internationally accepted "right to development" is to be put into effect.

Target 13 of Goal 8 also refers to a greater transfer of resources from North to South, through an "enhanced program of debt relief for and cancellation of official bilateral debt, and more generous official development assistance for countries committed to poverty reduction". However, increased development assistance can hardly be considered an unalloyed blessing if still accompanied by the unacceptably wide range of conditionalities, including policy conditionality, process conditionality, and ex-post conditionality that are widely linked to such assistance.

The International Financial System

Target 12 of MDG 8, as noted above, specifies the further development of an open rule-based, predictable, non-discriminatory financial system as well as trading system, thus advocating the continuation of free capital flows which were a major plank of

Washington Consensus "structural adjustment policies" (SAPs) during the 1980s and 1990s. The "outcome document" of the 2005 United Nations World Summit (whose agenda included an assessment of progress regarding achievement of the MDGs) urges all developing to commit themselves to adopting comprehensive national strategies by 2006 "creating a domestic environment that is attractive to investors, domestic and foreign." (United Nations, 2005.) However, creating such an environment also has its costs. In many situations, attracting foreign investment involves taxation policies that impose low taxes on capital and the provision of generous subsidies, reducing the fiscal revenues for financing policies and programmes that contribute to poverty reduction, improvements in health, education and social protection, and other developmental expenditures.

Policies facilitating or promoting unfettered capital flows tend to ignore the problems that these pose for macroeconomic management problems, the proclivity to financial crises and the often associated economic crises. Moreover, not all instances of foreign direct investment (FDI) bring benefits in terms of net additions to fixed capital or employment, net foreign exchange flows, or transfers of technology. Nor do the priorities of foreign corporate investors necessarily coincide with the development needs of host developing countries. In addition, there is more than ample evidence indicating that foreign investors do not always behave in ways that can be regarded as responsible from the host country's perspective, as for example when foreign corporations initiate or collude in corruption and/or tax avoidance. In many African countries, for example, FDI flows are still too focused on extractive industries as to have a significant impact on employment generation and poverty alleviation.

The above considerations suggest that, rather than being left wholly to foreign investor priorities and the vagaries of international market forces, the level and content of FDI in low-income countries in particular, should be the result of government policy. FDI needs to be geared to promoting pro-growth public investment such as infrastructure and to sectors and activities identified in a clearly focused "industrial" policy that may also include agriculture. Moreover, as the experience of a number of the successful East Asian economies and Brazil, India and China suggests, FDI is not the only or necessarily the best means of securing technology transfer.

V. Inappropriate Macroeconomic Policies

For several years now, receipt of multilateral assistance from IMF-supported loan programmes and of debt relief under the scheme for highly-indebted poor countries (HIPC) have been conditional on a country preparing an IFI-approved poverty reduction strategy paper (PRSP). Bilateral donors also often link their provision of development assistance to the multilateral processes. These economic strategy papers concern macroeconomic management of the domestic economy that mainly involves decisions regarding fiscal and monetary policy decisions.

In contrast to the earlier SAPs, PRSPs are intended to be "nationally-owned" by virtue of being formulated by the government and reflecting national priorities. The priorities are supposed to emerge through a process of national consultations and participation, a process that, in turn, is assumed to render governments more accountable to the population and the population more supportive of government policy. Widespread evidence indicates that this consultation process suffers from a number of problems that question its representative character and the nature of the priorities. The draft PRSP is rarely discussed in parliament.

In practice, the macroeconomic framework of a country's PRSP is based on that developed by the IMF's Poverty Reduction and Growth Facility (PRGF), which sets out the three-year medium-term expenditure framework. A country's overall spending level is essentially a given, resulting from "consultations" between a country's central bank, its finance ministry and the IMF regarding a country's fiscal and monetary targets and policies.[2] The spending limits are determined in accordance with the IMF's estimation of the level that would maintain macroeconomic stability, this being defined as "current account and fiscal balances consistent with low and declining debt levels, inflation in the low single digits, and rising per capita GDP". Conversely, instability is seen as large current account deficits financed by short-term borrowing, high and rising levels of public debt, double-digit inflation rates, and stagnant or declining GDP (Ames et al., 2004). [3]

In one of the most recent analyses of PRSPs, Gottschalk (2008) reviews the macroeconomic frameworks (focusing on monetary, fiscal and exchange rate policy) of 44 PRSP documents from 30 countries. Similar to the conclusions of a number of other studies, it was found that the core macroeconomic frameworks of PRSPs were closely aligned with PRGF programmes and that the core macroeconomic policies were essentially the same as those characterizing the traditional IMF stabilization programmes. The PRFG programmes within which the PRSPs are situated made only a few, rather limited, departures from traditional IMF stabilization programmes, such as providing more flexibility for fiscal accommodation, prioritising pro-poor expenditure, and putting more emphasis on fiscal governance.

In its own evaluation of the IMF's role in PRSPs and the Poverty Reduction and Growth Facility, the Independent Evaluation Office of the IMF found that "The PRSP process has had limited impact in generating meaningful discussions, outside the narrow official

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[2] For a country case study illustrating how IMF financial programming works, see Epstein et al. (2005).

[3] Two key assumptions underpin the standard IMF financial programming methods and limit the amount of "fiscal space" available for spending. The first is that annual inflation rates above 10 per cent are bad for economic growth, despite the substantial evidence that inflation rates of up to 20 per cent have not been damaging to growth (Bruno and Easterly, 1998; Walsh, 1998). The second assumption – a "zero-sum" notion – is that government expenditure is limited by current resources and that expenditure beyond the resource limit would require higher taxation, with the result that private expenditure would be "crowded out". This assumption ignores the existence of a possible multiplier effect whereby government spending generates increased production, employment, incomes and government revenues.

circle, of alternative policy options with respect to the macroeconomic framework and macro-relevant structural reforms." (IMF Independent Evaluation Office, 2004.)

In practice, the main aim of the PRGF and PRSP macroeconomic framework has been to achieve macroeconomic stability and most PRSPs have been anchored in a low-spending, low-growth framework, even though many developing countries have already achieved macroeconomic stability and despite the fact that the ultimate goals of PRSPs are supposed to be sustainable growth and poverty reduction. There is evidence that, from a starting point where fiscal frameworks works were reasonably pro-poor but little pro-growth, over time they have become less pro-poor and less pro-growth.[4]

In giving primacy to averting domestically generated inflation, inflation targets are often set at 5 per cent or even less. Even when developing country central banks do not adopt a formal inflation-targeting policy, most still tend to give priority to low inflation to the neglect of increasing economic output and employment, because international investors assess central banks on their ability to control inflation rather than their ability to maintain stable output or stimulate economic growth. The balancing of budgets is emphasized, budget flexibility to deal with economic shocks is almost absent, and pro-growth expenditure is missing. Budget priorities may, however, vary.

PRSPs' growth targets are not generally linked to achieving the MDGs, (Gottschalk, 2005). While reference may be made to MDGs, quantitative targets are not always set (ActionAid, 2005). According to Jeffrey Sachs (Director of The Millennium Project) the International Monetary Fund programme design paid almost no systematic attention to the Goals when considering a country's budget or macroeconomic framework. In the vast number of country programs supported by the IMF since adoption of the Goals, there has been almost no discussion about whether the plans are consistent with achieving them (UN Millennium Project, 2005).

Furthermore, in their discussion of the possibility of countries being able to achieve the MDGs in relation to Education for All and the fight against HIV/AIDS, ActionAid International (2005) and ActionAid International-USA (2005) provide detailed evidence of incompatible commitments in PRSPs.

In addition to imposing strict limits on domestic borrowing, IMF financial programming has also placed curbs on the use of donor funding if it is thought that spending all the funding available would disturb the country's macroeconomic stability by generating inflation due to the country's lack of absorptive capacity (ActionAid International 2005a and 2005b).

While seemingly technical, these decisions have major economic and social implications. Current PRSPs are generally fiscally cautious and pay too little attention to fostering faster growth that could provide decent productive work for all, revenues to facilitate

[4] Gottschalk (2008) notes some degree of policy variation across countries, but no significant change between early and second generation PRSPs. The latter are still overly committed to macroeconomic stability, narrowly defined, with emphasis on very low inflation targets and stringent fiscal targets.

social security and social transfers that provide the whole population with the basic amenities and capacities for a productive life and that remove people from dire poverty. Little attention appears to be given to the notion of fiscal space which takes into account the presence of idle production capacity and unemployment and hence an "output gap" comprising the difference between the level of current and of potential output. Higher government spending may stimulate an expansion in output and also in human and physical capital thereby improving *potential* output. If well managed, such spending can contribute to improving people's capabilities and contribute to growth and development without generating inflation.

The expected provision of additional financial resources by donors cannot be relied upon. Judging by expressions of intent, the MDG initiative appears to have encouraged donor countries to commit themselves to providing higher levels of development assistance to the world's poorest nations. However, evidence suggests that while new financial commitments are sometimes made, in effect funds are diverted from pre-existing commitments to new ones, with no net increase in real expenditure.

VI. New Developments

New developments, such as the recent rise in the prices of food and energy that generally have a more than proportionate impact on the poor, make the achievement of some of the MDGs appear even more elusive. The rise in the price of products that constitute important inputs into a range of multiple other products raises the spectre of generalized inflation, it is unlikely that the IMF inflation targets set in PRSPs will be relaxed in favour of greater emphasis on growth.

Global warming and the associated changes in weather patterns and the growing scarcity of water constitute other major developments that are likely to affect the extent to which many of the MDGs can be realized.

In sum, the above overview suggests that, for many low-income countries in particular, there is little likelihood of a significant reduction in poverty and a rapid improvement regarding other MDGs seem remote, unless there is a critical revision of the broad development strategies and associated macroeconomic policies.[5]

Even in those developing countries where the recent commodity boom has led to higher rates of growth and raised the possibility of generation higher government revenues for MDG-related programmes and policies, there is need for a radical rethink of development strategies and policies if the MDGs are to be realized and higher sustainable growth is to be achieved.

[5] For discussions urging more ambitious macroeconomic policies see, for example, McKinley (2005); Vandermoortele (2004); Gottschalk (2005); Saad (2007) and Weeks and McKinley (2007).

Amid this dismal scenario, some spaces are opening up that may give greater scope for developing countries to exercise a greater degree of control over the approach and content of their development strategies and policies. These include:

- A possible reduction in the IMF's ability to exercise policy leverage through control of the purse strings, due to lower levels of developing country debt as a result of debt forgiveness and an increased capacity and eagerness of developing countries to repay their debt. Moreover, if the World Bank's recent World Commission Report on Growth is any indication, a greater degree of "pragmatism" is to be seen in policy discussion in official circles. Whether this will continue to be the case depends partly on developments in the global economy in relation to inflation, the growing credit crisis and the extent of recession.

- The decision of political leaders at the July 2005 Gleneagles meeting of the G8 advanced industrial countries political leaders to urge that poor countries should be free to decide their own economic policies (Gleneagles Communiqué, 2005).

- The right of each state to determine its own policies is respected in accordance with international obligations tops the list of criteria and indicators drawn up by The UN High Level Task Force on the Right to Development to assess progress with regard to global development partnerships (MDG 8) from a right-to-development perspective.[6]

- Changes in the global economic scene due to the much increased economic power and influence of a number of middle-income countries in particular Brazil, Russia, India and China (the BRICs), who themselves have benefited from purposeful directed development policies, may facilitate a wider range of policy options in other developing countries. It is significant that intra-South trade in manufactures is growing faster than North-South trade in these products.

- The considerable economic power and involvement in the global system of trade and finance of some non-Western nations, and the increasingly complex economic inter-dependence, are likely to increase the strategic power of these nations. How soon this will translate into a widening of the membership in the governing bodies of global institutions is debatable, as is the direction that regional and global development policy and cooperation will take.

VII. What Is To Be Done?

Broadly speaking, to develop a dynamic and sustainable economy that provides decent livelihoods and security for all requires an expansion of economic activity that generates higher productivity work in order to provide decent incomes and provides finance for a

[6] See Kirchmeier et al. (2007).

system of universal social protection and insurances. It also requires proper stewardship of natural resources and the environment.

At the international level changes are required in current global institutional arrangements including more inclusive global governance so as to achieve the full involvement of low and middle-income countries in a manner that ensures that their needs and concerns are taken as seriously as those of rich countries. The increasing interconnections between economies worldwide and patterns of trade and finance call for greater global co-operation in relation to economic, financial, environmental, resource, and security matters.

At the national level, on the basis of the principle that development involves broader human development goals beyond simply the economic, many developing countries need to adopt a more holistic approach to development. The concept of macroeconomic stability needs to accommodate counter-cyclical policies to avert recessions and their negative economic and social consequences. Policies to achieve economic stability must be complemented by economic policies to expand productive activity.

***Integrating social goals into economic policy*:**

To guarantee the necessary linkage between economic and social development, social objectives must be factored into economic policies. One of the most crucial economic and social objectives concerns the need to generate productive, decently remunerated work for the whole labour force. To achieve these aims requires new or more forceful policies and measures at different levels.

Active industrial policy

In order to generate decent, economically and environmentally sustainable livelihoods for the whole labour force, production and trade policy needs to be recast in a manner that nurtures higher levels of productivity by creating dynamic efficiencies rather than relying on static efficiencies and absolute advantage (Milberg, 2004).

The process of shifting to higher-value niches of production has become an important component of development-oriented policy in recent years on the basis of its potential for improving the distribution of gains between countries and different segments of the population (Nadvi, 2004). Developing the capacity to identify and develop areas of higher value-added production is central to an active "industrial policy" and should aim to foster domestic entrepreneurship and ownership (including micro and small and medium enterprises) as well as FDI.

Diversifying and upgrading the production structure to improve products and raise productivity generally implies an altered composition labour skills to match generally more technology-intensive nature of production. Industrial policy therefore needs to identify and promote the appropriate skills and training programmes. These need to be particularly responsive to gender equity objectives to avoid the continuing exclusion of women from the better paid more technology-intensive jobs.

Whatever the sector, upgrading is a multifaceted challenge that, in addition to micro-level policies and actions, also requires coordinated and mutually supportive meso- and macro-level policies as well as new institutions.

Agrarian development and decent work

In several developing countries, integration into global values chains has generated new higher-value added production activities both in the manufacturing and farming sector. Large farms engaged in labour-intensive production of horticultural goods for export have been prospering under globalization, albeit at the bottom of the global value chain. In Africa, mainly non-permanent female workers comprise the largest category of workers at this bottom end of the global value chain and a mass of research evidence indicates that that the terms and conditions of their work are far from decent (Zammit, 2008).

Small farms, however, are the home and source of livelihoods for the majority of the rural poor in much of Africa and some other parts of the developing world, particularly for women. Small farmers struggle to survive and are threatened by a dramatic increase in rural poverty, and disruption to local food systems. Women smallholders are generally excluded from supplying horticultural food chains, owing to their limited volume of output and inability to comply with technical product and process standards imposed by retailers at the top of the chain.[7] Development of the rural sector has tended to be neglected under current development strategies and policies in much of Africa, such that it is increasingly difficult to earn a decent livelihood on the basis of farming. As a result there has been a rural exodus, particularly of men, to urban areas, including overseas, in search of work.

Giving higher priority to development of the small- farming sector focused on the domestic market could generate a more dynamic, diversified rural sector that provided decent livelihoods for women and men. This requires a wide range of measures, including the introduction of new mixed-farming techniques appropriate to small-scale farming, widespread extension services, cooperative institutions, effective marketing organizations, improved risk management policies, affordable credit, the improvement of local infrastructure relating to water supplies, sanitation, and roads; improved provision of health and basic education. Education and training for related off-farm jobs in the locality is also essential to the development of a thriving small-scale agrarian sector.[8] Investment in national and/or regional agricultural research is also necessary as is learning from experience in other regions.

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[7] For brief details of the role of women in agriculture and their problems, see ILO. 2007, Box 3. For a more extended discussion see UNRISD (2005).

[8] See id21 insights (2007a, 2007b, and 2007c) for articles on innovation, such as biotechnology and ICTS, to enhance farming and create viable rural communities in developing countries.

Social protection and social policy

Active social policies, together with policies to establish decent wages and incomes for all, can provide the foundations for faster non-inflationary economic growth with distributive justice and decent livelihoods. Without a social compact, it is difficult to achieve decent wages and minimum, especially in a highly globalized world. Other approaches are also needed to improve the living standards and prospects of those who are on the margins of the labour market. Moreover, millions of the poor have little or no financial reserves to tide them through periods when work is scarce or non/existent, including during periods of economic downturn.

In recent years there has been widespread advocacy of micro-credit schemes in developing countries but these are more suited to the needs of micro and small enterprises that have prospects of being able to repay their loans. For the millions living on the margins of existence different approaches are required that provide employment and income support to sustain daily livelihoods. One approach, exemplified by India's National Rural Employment Programme, provides employment on rural public works in the low season for landless labourers and marginal farmers. In the process, rural incomes are supplemented and improved infrastructure contributes to raising the productivity of the rural community.

Another approach that has demonstrated considerable success involves direct cash transfers to those most in need. The Bolsa Familia scheme in Brazil makes direct cash transfers to supplement the incomes of low-income mothers on condition that children are kept in school and attend health clinics. Family welfare has increased, childrens' capabilities developed and additional cash has helped boost the local economy. The Oportunidades programme in Mexico pays direct cash transfers to poor families to enable them to purchase food and fuel that they could otherwise not afford. This approach has cost advantages over government handouts and price subsidies for food and fuel. While direct cash transfer schemes also require effective administration, new technology facilitates their implementation. Mobile banks, the establishment of rural banks, and the use of smart cards and cash cards render such schemes both feasible and economical. South Africa's experience of mobile distribution of non-contributory pensions to the illiterate elderly has been a proven success. The main obstacle is likely to be political as the non-poor also benefit from price subsidies and stand to lose from their abolition.

Social insurance schemes for health and pensions are essential social development objectives and, together with the expansion of health and education services, they contribute on both the demand and the supply side to the health of the economy and, in the case of health schemes, to promoting the health of the workforce.[9]

[9] See Mkandawire (2007) for a discussion on transformative social policy.

Annex

MDGs, Economic Policy and the Illusive Goal of Gender Equality

Gender equality on various fronts is an essential indicator of women´s wellbeing and social justice. Throughout the world, and particularly in low and middle-income countries, women have more meagre and often irregular incomes than men and have more restricted access to credit and non-financial assets. They also have lower levels of education and health that not only affect the quality of life but also constitute a disadvantage in the labour market. Gender inequality in access to employment, income and education and health constrains women in various important ways: they are condemned to poor livelihoods, prone to social exclusion, disempowerment, or even to regress in basis capabilities.

The following brief overview of some of the gender issues at stake serves to indicate the improbability of attaining a significant improvement in women's socio-economic position in absolute or relative terms under present development strategies and macroeconomic policies. Whether or not the individual MDGs mention the issue of gender equality, all have a gender dimension.

Economic growth and structural change may help to improve women's situation in absolute terms but, owing to the fact that gender inequalities are reproduced directly and indirectly through a variety of practices and institutions, these inequalities need to be tackled head on by purposeful measures at the policy and institutional level if gender equality is to be achieved.

MDGs and Economic Policy: the issue of social justice and gender equality

As noted in the main body of this paper, explicit gender equality goals are limited to targets concerning education. In contrast, the policies on which PRSPs are founded, and through which all the MDGs are supposedly to be realized, have significant and wide-ranging gender implications that on close analysis do not bode well for the achievement of gender equality. A number of studies have shown that the underlying issues of inequality and power relations that create and perpetuate poverty and gender inequality are largely absent from the conceptual and analytical framework of PRSPs. Moreover, in some PRSPs, gender does not feature as an explicit issue in the sections dealing with the poverty reduction strategy, resource allocation, monitoring or evaluation.

The "Washington Consensus" policies adopted in many developing countries in the period 1980-2000 and, as argued in the main body of this paper, form the backbone of PRSPs have made many changes in women's lives, including, for example, bringing more women into the paid labour market. But not all the changes or processes involved have been helpful in improving women's lives or brought about greater gender equality. Each of the four main policy planks on which PRSPs have been based, namely tight fiscal and monetary policies and the liberalization of trade and of capital flows have important gendered implications and outcomes with respect to the MDGs.

Tight fiscal policy and monetary policies

Restrictive fiscal policy

The reduced budget deficits insisted on by the IMF in developing countries has often resulted in a decline in the ratio of government expenditure to GDP, and also in the ratio of education and heath expenditures to GDP (ActionAid International, 2005a). Per capita spending on infrastructure, education, health, social security and welfare has also declined (UNRISD, 2005). Rationing access to public support and services often involves implicit discrimination against women.[10]

It is estimated that several hundreds of billions of US dollars a year are illegally transferred from developing to rich countries by means of transfer pricing and sophisticated tax schemes devised by the world´s most powerful accounting and legal firms. These transfers parallel the corporate efforts to persuade governments to keep taxes low in order to attract FDI and financial capital. These result in lower fiscal revenues for social spending and infrastructure development, both of which would enhance overall development and reduce poverty.

Women and girls in particular need to build up their capabilities and are the most affected by lack of expansion in the public provision of education and health services as also by the introduction of user fees or cash payments for such services provided by the state or consequent on privatization. Unless consciously geared to the objective of reducing gender inequalities, public expenditure on health and education is likely to reinforce existing gender biases in the intra-household distribution of capabilities and resources, limiting women's income earning capacity among other things.

Stipulating balanced budgets or allowing for only very low deficits delays the time when it becomes possible to introduce comprehensive social insurance schemes for health, disability, unemployment and old age. Currently women are widely excluded or have reduced benefits from such schemes due to the nature of their employment status and the fact that their non-labour market contributions to society are not recognized. The lack of adequate universal state provision of health services, childcare and care for the elderly results in women serving as surrogate providers of social welfare and public services. In low-income countries women more than men are providers of water and fuel owing to lack of adequate and affordable public provision of electricity and water. Time spent on all these activities cuts into time for education and paid work and particularly time for rest and recuperation. In general, there is less income to sustain themselves and their families due to the type of work they can obtain and to widespread wage discrimination.

[10] For a detailed discussion of neoliberal fiscal policy, see Grunberg, 1998.

Limited rights to pensions for the elderly involves clear discrimination against women when the qualifying conditions require a sufficient accumulated work record and pension contributions that generally assume full-time continuous employment record.
Public social safety nets can provide a temporary cushion for those subject to the considerable economic instability and insecurity found in many developing countries. Limiting the expansion of social protection is likely to affect women workers more than men as the former are far more often employed in the informal sector or be engaged on a casual basis and continue to be excluded from publicly provided assistance.

Tight monetary policy
Under neoliberal orthodox policies that have gained widespread intellectual hegemony, monetary policy is focused on “inflation targeting” that aims to set low limits to the permissible rate of inflation. This can have differential gender effects on women and men as, for example, in relation to access to credit. Women’s access to credit has in any case been traditionally more limited that that of men, partly due to lack of assets as collateral for loans. Women are also disproportionately represented among small business owners and higher interest rates under tight monetary conditions make it more costly to borrow and can cause problems in debt servicing.

Taken together, fiscal and monetary policies affect the rate of economic growth and the level of employment in an economy. But, whether fast or slow, economic growth has varying effects on women’s work and incomes according to a country’s economic structure and the economic sector in which women are employed. However, the gender distribution of jobs is also highly influenced by gendered labour market institutions that embody various forms of gender discrimination. These range from gender discrimination in hiring and firing practices, job segregation and gender wage differentials. Numerous studies also reveal widespread differentiated gender effects at times of economic retrenchment resulting from tighter monetary and fiscal policies, economic volatility, or from external economic shocks.

Some stylised facts with respect to women’s employment in developing countries illustrate the extent of the gender disparities:[11]

- In recent decades, women’s participation in the paid labour force has increased almost everywhere.

- In terms of their contractual “status”, women generally comprise the majority of the workforce engaged in low-paid casual labour or in “self-employment”, both in the urban and rural economy, thus rendering their work insecure.

[11] See UNRISD (2005) for a recent compilation of data and detailed analysis of women’s status in the labour market.

- Changes in the production structure, often associated with FDI, have provided some women in many developing countries with an exit from rural activities into jobs in export-manufacturing industries.

- However, women are typically excluded from high-wage technologically advanced manufacturing industries, if these exist. Rather, they are generally found clustered in low-wage labour-intensive manufacturing industries.

- Whatever the sector of industry in which women are employed, they are primarily found in the lowest occupational categories that usually have the lowest wages.

- Gains in manufacturing employment have shown signs of reversal over the last decade in a number of developing countries. Data show an increase in subcontracting (often through small intermediary subcontractors) to women home-based workers who are paid on a piece-rate basis. Partly in response to low-cost competition from other countries, casualization of the labour force enables employers to rid themselves of work-related obligations to workers thereby reducing their production costs.

- In some instances women are displaced from manufacturing jobs when the upgrading of manufacturing activities requires new skills for which men have the appropriate training or which are customarily designated as men's jobs

- Relatively skilled export-oriented services are now providing growing work opportunities for women, such as in "back-office", "call-centre" or IT services. But the bulk of women in services are employed in low productivity service activities in domestic service or petty trading.

- Labour- intensive export industries, in which women comprise the bulk of the labour force, are among the most vulnerable to external economic shocks and downturns.

Women's wages and gender wage gaps

More broadly, women's general exclusion from high-wage industries and from better paid occupational categories and their greater presence in low productivity casual or self-employed work condemns them to pay that is generally inferior to that of male workers and to a situation in which it is difficult to improve their terms and conditions.

Data on female to male manufacturing wages ratios are limited and hard to interpret. There is some evidence for a few countries showing a small improvement in this crude ratio. However, the narrowing of this gender wage gap may be more apparent than real in so far as the data probably omits the wages of women working in small workshops and in home-work who constitute a large percentage of the female workforce in labour intensive manufacturing industries. Some studies find that international trade in rapidly growing

East Asian economies has tended to increase gender wage gaps, even though increased women's education relative to men's might have been expected to narrow the gender wage gap over time. This suggests downward pressure on wage costs and women's lower bargaining power in industries

Liberalization of trade and investment

As a result of policies promoting the liberalization of trade and investment, many low-income developing countries have received inflows of FDI seeking to relocate manufacturing production in low cost sites with a view to exporting the output. Many low-income developing countries have become "enclave industrializers" based on low-skill assembly activities using imported capital and intermediate goods. The level of value-added is low, determined largely by the cost of relatively unskilled labour.[12] Due to their relatively low skills and lack of a fall-back position, women form the bulk of the labour force working in these low skill, low productivity, low-wage export-oriented manufacturing industries producing clothing, footwear, electronics components and in the horticultural sector. In the context of fierce international competition under the regime of free trade and liberalized capital flows unit wage costs are under great pressure.

From a gender perspective, these developments present both positive and negative features. In many developing countries FDI and export-oriented production has enabled women to shift from very low productivity rural or urban jobs to higher paying work. Nevertheless, the mobility of capital poses a threat - imminent or real - of relocation to cheaper locations and puts capital in a stronger bargaining position relative to workers thereby deterring wage and other worker demands. It also exerts pressure on governments provide investment incentives that are a charge on public finances that are already insufficient to cover various domestic social demands, to keep labour markets deregulated and to keep corporate taxes low.

Open capital markets, volatility, financial crises and gender effects

One result of opening capital markets has been a notable increase in economic volatility in developing countries, and financial crises have occurred with increasing regularity and severity, particularly in middle-income countries.[13]

Economic volatility, financial crises and recessions have well-known costs including lost growth, unemployment, and stagnant or falling incomes. Women bear much of the brunt of financial crises and the subsequent economic downturns. Women are likely to be the

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[12] Such economies manifest few internal linkages and multiplier effects and their heavy reliance on manufactured inputs and the greater resource intensiveness of manufacturing production renders them more vulnerable to external shocks and balance of payments constraints.

[13] Rogoff, previously chief economist at the IMF, noted that unregulated capital flows made life too volatile. Rogoff also concluded that "if financial integration has a positive effect, the effect is quantitatively insignificant" and that the evidence does not provide a "clear road map for the optimal pace and sequencing of integration. Such a question can be best addressed only in the context of country-specific circumstances and institutional features" (Prasad et al. 2003).

first to lose their jobs in patriarchal societies: when downsizing the labour force, priority is given to preserving jobs for male "heads of families". When demand declines in export-oriented production women are most affected due to their predominance in the labour forces in these industries.

In view of the general absence of social safety nets, women who are made redundant are likely to seek casual work, no matter how poorly paid, while continuing to act as surrogate unpaid providers of social support and services in the household.

To conclude, some feminist economists argue that the rapid industrialization of some East Asian economies has been greatly facilitated by entrenched gender equality characterized by the preponderance of low- waged women in labour-intensive export industries and in the lowest occupational categories that usually have the lowest wages.

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IV. The MDG: Laudable, But Achievable?

Johan Galtung

The Millennium goals are very well chosen, even laudable:

First, they address the basics of any meaningful development, the most basic human needs, for food-water, habitat, health and education; second, they give priority to the most needy; third, they strongly emphasize gender parity and fourth, there is a focus on the environment, and fifth, on global equity.

There is no "growth first, then distribution", automatically as "trickling down", or, when "time is ripe" development. MDG are right on target. The only problem is that they are unachievable under the present system, not only by the set date, 2015, but at any time. There is a basic disconnect between those laudable goals and the present absurd economic system. One of them will have to yield. And so far it has been the basic needs.

Unachievable laudable goals is the opposite of achievable but more dubious goals--like growth-through-export--that often fail to "trickle down". There may be a blessing in disguise here, an opening for a frank discussion of why such laudable goals should come up against obstacles in our present world. This is exactly the discussion we want, but in the positive spirit of finding openings, not only for the sake of critiquing the system.

Translated from the discourse of goals to the discourse of actors this pits a mass of humanity living and dying in misery against the powerful corporation carriers of the system. In-between people in misery and Capital is in principle the State; and the MDG were written and endorsed by governments, in the UN. But who has the ear of governments and to whom are governments de facto accountable? To masses of people in misery, deprived of food-water, housing, health and education, or to big corporations?

The overview version of the UN MDG presented by the UN Department of Public Information reads:

[1] Eradicate extreme poverty and hunger
[2] Achieve universal primary education
[3] Promote gender equality and empower women
[4] Reduce child mortality
[5] Improve maternal Health
[6] Combat HIV/AIDS, malaria and other diseases
[7] Ensure environmental sustainability
[8] Develop a global partnership for development

In a more detailed version four of them are quantified:

[1] Reduce by one half the proportion of those who live on less than $1 a day, and by one half the proportion of those who are starving

[4] Reduce by two thirds the proportion of children who die before they are five years old

[5] Reduce by three fourths the proportion of women who die in connection with pregnancy

[7] Reduce by one half the proportion of people who live without access to safe water

And five of them are specified:

[2] Ensure that all children, boys and girls, can complete elementary school

[3] Remove the difference between the proportions of girls and boys in elementary school

[6] Stop, and start reversing the spread of deadly diseases

[7] Ensure that sustainable development is included in the policy of the states, and improve the living conditions for at least 100 million living in slums

[8] Increased development assistance, just trade, and debt forgiveness for developing countries

As mentioned, there is

* <u>a focus on basic needs</u>, on food and water ([1] and [7]), on habitat ([7]), on health ([4], [5] and [6]), on education ([2]);

* <u>a focus on the most needy</u> ([1], both in terms of poverty and hunger), [4], [5] and [7]);

* <u>a focus on gender parity</u> ([3]);

* <u>a focus on the environment</u> ([7])

* <u>a focus on global equity</u> [(8)]

Knowing that the misery at the bottom of countries, and not only at the bottom of the world, is unspeakable, reduce suffering should be a top priority of politics. How could the goals be met--if we so wanted--even quickly? Are there openings? Yes, to wit:

* <u>Basic needs</u>: food-water, habitat, health, education. Examples:
-for <u>food</u> maybe best at the local level of federations of neighbor municipalities with both the means to grow the food needed, on publicly owned but privately used land, and the means to produce the means of production, minimizing transportation distance for a sustainable environment, combining old and new technologies;

- for water, also by distillation of ocean water by solar energy and focused mirrors, and pipelines for humans, not only cars;
- for housing by easily assembled and dis-assembled inexpensive building blocs using local materials, for reconstruction depending on a family's need, on publicly owned and privately used land;
- for health by combining a dense network of polyclinics--like clean water available to all--"barefoot" doctors-nurses, generic medicines; with regional hospitals and helicopter ambulances;
- for education by focusing on everybody, not only children, and on alphabetization first, for dignity and effective membership in society, by mobilizing students or officers to live one year or so in needy villages, and a dense network of internet-connected schools; with regional secondary schools, and bus transportation.

* For a focus on the most needy: seek and help--not destroy; being victims of social disasters they may be unable to come themselves.

* For a focus on gender parity: education is a proven approach; making it obligatory (and beyond elementary school) assumes that it also is free, and in principle guarantees parity.

* For a focus on the environment: energy being a key point for sustainability, a massive switch is needed, from depleting-polluting oil-gas-coal based technologies to sun-wind-water-bio-geo- and hydro-thermic based energy conversion, with fines and incentives, and with profiles ensuring equal access to locally (federations of municipalities again) produced energy all over.

* For a focus on global equity: increased local, national and regional self-reliance in the production of goods for basic needs and normal consumption, intra- rather than inter-sector (resources against resources, processed against processed, services against services) for equity, tariff protection for weak sectors, and canceling (not "forgiving") debts not primarily intended to meet basic needs and incurred non-democratically. Development aid to provide employment for the poor and in the basic needs sectors.

* For more than $1 per day (that measure has to be changed to a more stable and universal currency): by a minimum living income for everybody, or for only those in poverty categories, or as a cash stimulus (like in the USA) for everybody, even if below living income; particularly given ubiquitous increasing rates of unemployment.

All of this by cooperating local-state-regional-global actors.

What stands in the way? Serious conflicts, unfortunately:

Economically: financial resources, invested in capital-intensive, quick, high return activities, may be unavailable for slow, low return from basic needs for the most needy with no buying power;

Politically: there are several factors, such as:

* democracy may work for decision-making if the majority is poor (although India is not a case), but as the majority in many countries become middle class solidarity with the poor decreases;

* an ideological bonding to the market system, demanding that basic needs are met by needy buyers buying goods and services, and what is needed for their production, from private sellers;

Socially: many factors, like prejudice and discrimination:

* a wish to keep some people down partly for fear that when coming into position "they will treat us as badly as we have treated them" (like white-nonwhite, dominant or not nation, men-women);

* those higher up may not enjoy having but having more, relative not absolute status, and feel threatened when the gap narrows;

* small minorities afraid of losing their privileges, particularly when their wealth depends on the poverty of others (exploitation);

* rank disequilibrium: not only that those lower down may come up but may even pass, in income, education, health those higher up, like men feeling threatened by women catching up and overtaking;

* vertical structural violence: massive correlations between assets-class and race-nation, carried by racism and nationalism, very resilient and easily reproducible;

* Militarily: misery-poverty leads to suffering in silence, but

* combined with such social factors may lead to struggle;

* that struggle may engender armed efforts by those higher up to halt and reverse that progress;

* armed repression from above may then lead to armed efforts from below in order to progress quickly, or vice versa;

* that internal war may mobilize countries globally to intervene militarily, in favor or against moves toward equality and equity;

* Culturally: people are different, and different to some means unequal with no room for the category "different and equal".

These obstacles often lead to two conclusions, drawn by many:
* domestically: a revolution. turning society upside-down, to give the bottom half a chance unimpeded by the upper half; and/or

* globally: to opt out of the dominant system, creating their own.

The Soviet Union, Eastern Europe, China, Cuba, Iraq and Venezuela come to mind, with remarkable achievements in terms of basic needs for the most needy and gender parity, but not for environment and global equity; and often with serious costs in democracy and human rights terms.

The MDG can be seen as a deliberate alternative to those approaches, bringing to mind other approaches, like that of the Nordic and generally West European welfare states, and East Asia, spearheaded by Japan, spreading to South Korea, Taiwan, Singapore, Hong Kong and more recently to China itself. The strategy has been based on Kaname Akamatsu economics ("flying geese"): high quality labor input, and then, with better technology ever higher levels of processing and trade at ever higher levels, combined with tariffs for "infant industries", and from early on a focus on health and education for the population at large.

The West European countries also worked along such lines, perhaps with somewhat less (confucian) focus on quality, and (somewhat) less (buddhist) focus on distribution. Thus, Norway was very protective of her resources and their use by foreign investors long before that became a focus for the oil industry starting in the 1970s. A basic key was a democratic majority based on a worker-peasant-fisherman alliance in the 1930s, with the predictable erosion of some welfare state measures as they passed the middle class border line. But then Norway was a very homogeneous society except for small minorities of Sami and Roma left behind in the process, at time treated atrociously. Had those percentages been much higher Norway would have looked like many multi-national third world societies today. The world average is ten nations per state, and few cases of equality.

However that may be, these processes take time, and we are past the mid-term mark 2000-2015 with dark mid-term reports. Is the choice between quick revolution at too high costs, too slow evolution with less costs, no change at all, and backward moves, with decreasing life expectancy and increasing infant mortality?

Before some efforts to square that circle, let us look at another way of exploring the options available to us for reduction of poverty-misery, and meeting basic needs in general. We can cut into that complexity in two ways:
* by means of money or not?
* in return for work or not?

That gives us four channels for meeting basic needs:

	In return for work	Not in return for work
By money	Channel I: **Jobs**; needs met through salaries	Channel II: **Subsidies**; or minimum income guaranteed
Not by money	Channel III: **Produce for own consumption**; work-for-work	Channel IV:**Charity-Solidarity** public soup kitchens, etc. private networks, kinship

The modern conservative or neo-liberal state is based on Channel I only, the market fundamentalist answer, maybe tempered by Channel IV, charity, into "compassionate conservatism".

The modern welfare state is based on a combination of Channels I and II: the market modified and moderated by subsidies, sometimes to the point of making health and education practically speaking freely available, up to, and including, the most costly health care and most advanced education.

The traditional society was based on a combination of Channels I and III, formal and nonformal economies, with strong elements of Channel IV by religious institutions and social safety nets provided by kinship and clanship.

The primitive society was based on Channels III and IV; that was the way humanity survived most of its troubled history. They had other problems, like wild animals and other natural hazards.

But are the channels operational at all when all markets in factors, goods and services are being globalized, favoring one and only one channel, Channel I, with Channel IV for emergencies?

Under conditions of full employment and living wages, yes. But Channel I will not be universally available given high labor productivity, and even less so with increasing prices for food and other necessities. Moreover, "labor flexibility", with short term contracts and no social costs covered, makes the "living wage" sufficient even to support a family a dream of the past. These trends should be reversed, not saying the past was ideal.

And Channel II was ruled out by the "Washington Consensus" and structural adjustments in favor of Channel I.

Channel III is considered a past stage in human history, an LDC characteristic to be overcome. The market is a jealous god, "Thou shalt not have other Channels than me."

Channel IV is used for instant nature-driven emergencies only, not for permanent policy-driven emergencies. The solidarity to bridge major racial and national gaps may also be insufficient.

Our argument here is that with the present pandemic misery-- one reason why the MDG goals were formulated--we need all four channels to establish sustainable basic needs satisfaction, and are in need of none of the above ideologies excluding any one.

And that means that some present trends toward monetizing, privatizing and marketizing land, water, seeds, fertilizer, labor and other means of agricultural production have to be reversed. They presuppose a world with a more equal wealth distribution.

One approach might actually be to clear large tracts of unused land in underpopulated countries like Canada, Russia and Australia, combined with generous immigration policies.

The trends against subsidies etc. also have to be reversed. Channel III has to be opened fully, including the possibility of a living income for all. The world can afford that economically.

And Channel IV will always be needed as a fall-back option.

Now, imagine the political will to meet the MDG is present, if not globally then regionally, if not regionally then in some states, if not at the state level at least at many local places. Given that all factors matter, is there any driving positive factor? The market mechanism produces miracles for the well-to-do, but not for the target populations of the MDG. As Julius Nyerere once pointed out: free market competition is like a boxing match between Mike Tyson and himself, equalizing the boxing gloves only.

But it is not obvious that much economic growth is needed; the problems may be political, social, military, cultural rather than economic. Apart from the helicopter fleet these are not very expensive measures, usually labor more than capital intensive. Above all they depend on basic political decisions of the type we today, in 2008, would associate with Latin America far beyond Cuba and Venezuela only. Colombia may serve as a contrast, being in the throes of all obstacles mentioned, including internationalized warfare, and with a Channel I economy meaningful for perhaps only 40% of the population.

Throwing money on the problem may fuel corruption and bribe elites and near-elites away from serious measures. The money will also most likely be spent on repressive military and police to prevent revolutionary rather than to foment evolutionary approaches.

Of course the economy is important, but maybe the key driving forces are health and education? Thus, the health situation in New York and the USA in general through the 19th century was terrible, and sewage engineers and other health professions, not only physicians, abetted the permanent emergency, at low costs.

And few single factors do so much to bring people into the center of society as education. Symbolic mastery is a basic needs for human beings--that symbol-based animal--it is not a luxury. One in there is a way up through higher levels of education, making the carriers of that education demand more from society and also being able to supply more.

Combine the two and we get the Roman <u>mens sana in corpore sanem</u>, a sound mind in a sound body. If the goal is to lift human beings to dignity, maybe we start by liberating people from diseases grinding them to premature deaths, and from the exclusion from normal society of not being able to read and write?

While at the same time working on the measures for high level basic needs self-reliance at the local level of federations of municipalities, helped by state, regional and global policies, also to overcome the conflicts and other impediments in the way?

In short, work on all goals by all means without threatening those high up too much? Yes, but they on their side have to learn to accommodate to a society with parity and people around them of both genders, older, middle-aged and younger, and many nations, not only male, middle-aged from one dominant nation?

And maybe that is a key negative factor? We have focussed on the poor and forgotten to prepare the rich and privileged not only for the inevitable, but for the pleasures of living in a more diverse and more egalitarian world? Time to start is right now.

Concluding remarks

The four short pieces above offer a critical perspective on some general or specific aspects of the MDGs and point to the need for a refocusing of international development policy that also takes account of critical, newly emerging global challenges.

The problems identified regarding both the conceptualization, construction and quantification of specific MDG targets, and the broad development strategies and macroeconomic policies that have been widely adopted to achieve these goals, suggest that it is unlikely that the objectives can be attained by 2015 as intended. Moreover, analysis of the negotiating process by which the MDGs were specified shows that there are extremely subtle ways, such as specifying "proportions" instead of absolute numbers, by which the outcomes can be manipulated and the burdens for implementation can be controlled.

The review draws attention to the inadequate and incomplete nature of the process that lead to the definition and adoption of the MDGs as the new focus of development initiatives, with significant negative consequences for developing countries. The emphasis put on the domestic responsibilities of developing countries to achieve the goals, ostensibly bolstered by external development assistance, has in effect displaced earlier efforts to sustain a UN development dialogue to deal with global systemic issues. Earlier efforts to introduce carefully considered global policies to remove structural imbalances have in effect been displaced by market hegemony under neo-liberal globalization.

The paper's diagnoses point to the need for renewed efforts, with the full involvement of the entire international community, to develop a global comprehensive strategy to fulfil the human development needs of the many millions of poor, marginalized or socially excluded people worldwide. A global holistic and co-operative approach is in any case necessary given the growing interconnections and imbalances between economies and societies worldwide in the fields of trade, finance, technology/knowledge/information flows, and the growing environmental and resource imperatives, not to mention security issues. To respond to these critical challenges in a manner that delivers global justice, new global arrangements are required in many spheres, in some cases embracing modern forms of indicative global planning that subsumes regions and individual countries.

Acronyms

BHN	Basic Human Needs
BIS	Bank of International Settlements
BRICs	Brazil, Russia, India, China
DA	Development Alternatives
DAG	Development Alternatives Global
FDI	Foreign direct investment
G7	Group of Seven (rich countries)
G77	Group of Seventy Seven (developing countries)
GATS	General Agreement on Trade and Services
GDP	Gross domestic product
HIPC	Highly Indebted Poor Countries
HIV/AIDS	Acquired immune deficiency syndrome
IFIs	International Financial Institutions
ILO	International Labour Organization
IMF	International Monetary Fund
IT	Information technology
MDGs	Millennium Development Goals
NAM	Non-Aligned Movement
NGOs	Non-government organizations
NICs	Newly industrialized countries
NIEO	New International Economic Order
ODA	Overseas Development Assistance
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of Petroleum Exporting Countries
PRGF	Poverty Reduction and Growth Facility (of the IMF)
PRSPs	Poverty Reduction Strategy Papers
SIDA	Swedish International Development Agency
SUNFED	Special United Nations Fund for Economic Development
TINA	There Is No Alternative
TNCs	Transnational Corporations
TRIMS	Trade-Related Investment Measures
TRIPS	Trade-Related Intellectual Property Rights
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNCTC	United Nations Centre on Transnational Corporations
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Organization
UNRISD	United Nations Research Institute for Social Development
WHO	World Health Organization
WSSD	World Summit on Sustainable Development
WTO	World Trade Organisation