Southern Voice

2015 On Post-MDG International Development Goals

Occasional Paper Series

1

Designing MDGs for a More Just World

Rehman Sobhan

DESIGNING MDGs FOR A MORE JUST WORLD

Southern Voice Occasional Paper 1

Rehman Sobhan[*]

[*] *Professor Rehman Sobhan* is the Chairman of the Centre for Policy Dialogue (CPD), Dhaka, Bangladesh. He can be reached at: rsobhan@cpd.org.bd

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Southern Voice on Post-MDG International Development Goals
Website: www.cpd.org.bd/PostMDG/
E-mail: southernvoice2015@gmail.com

Secretariat: Centre for Policy Dialogue (CPD)
House 40/C, Road 32, Dhanmondi R/A
Dhaka 1209, Bangladesh
Telephone: (+88 02) 8124770, 9143326, 9126402
Fax: (+88 02) 8130951; E-mail: info@cpd.org.bd
Website: www.cpd.org.bd; Blog: www.cpd.org.bd/Blog/

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Editor
Dr Debapriya Bhattacharya
Chair, *Southern Voice on Post-MDG International Development Goals*
and Distinguished Fellow, CPD
E-mail: debapriya.bh@gmail.com

Cover Design by
Avra Bhattacharjee

Preface

The *Millennium Development Goals* (MDGs) constitute one of the ideas of the United Nations (UN) that has literally changed the world. Conversely, the actual state of delivery of the MDGs continues to remain a matter of intense debate. With the 2015 deadline drawing near, the international development community remains preoccupied with reflecting on 'MDGs' future'. Indeed, an explicit understanding seems to have emerged that the MDGs are going to continue beyond 2015 in one form or another. Consequently, questions are being asked about the processes that are being followed to decide on the substance of the post-2015 international development goals as well as about what would be their distinguishing features.

The *Southern Voice on Post-MDG International Development Goals* is a network of 48 think tanks from Africa, Latin America and South Asia that has identified a unique space and scope for itself to contribute to this post-MDG dialogue. By providing quality data, evidence and analyses that derive from research in the countries of the global South, these think tanks seek to inform the discussion on the post-2015 framework, goals and targets, and to help give shape to the debate itself. In the process, *Southern Voice* aims to enhance the quality of international development policy analysis, strengthen the global outreach capacity of Southern think tanks, and facilitate professional linkages between these think tanks and their respective governments.

The initiative emerged in Cape Town, South Africa in June 2012 at a meeting of awardees of the Think Tank Initiative (TTI), a multi-donor facility managed by the International Development Research Centre (IDRC), in Ottawa, Canada. Since then, the Centre for Policy Dialogue (CPD) has further conceptualised the initiative and prepared its programme document through a consultative process with the other think tanks. The initiative was launched to various stakeholder groups including the larger development community in November 2012. Subsequently, CPD organised an expert group meeting in Dhaka on 11-13 January 2013, to set the agenda for the initiative. The key outcome of the Dhaka meeting was captured in the document *First Approximations on Post-MDG International Development Goals*, which was forwarded as a contribution to the High Level Panel appointed by the UN Secretary General to draft the post-2015 framework.

It is reckoned that the guiding spirit and initiative of the programme will rest with the Southern think tanks, but it will operate as an *open platform*, where concerned institutions and individuals from both the South and the North will interact with the network members. This approach will help to enhance the quality of international development policy analysis, strengthen the global outreach capacity of Southern think tanks, and facilitate professional linkages among these institutions as well as with their respective governments.

Southern Voice Occasional Papers are based on inputs received at various platforms of the initiative. The present paper draws on the keynote address delivered by *Professor Rehman Sobhan*, Chairman of CPD at the Dhaka Expert Group Meeting. The paper raises some fundamental concerns regarding the 'structural injustice' underpinning the mainstream economic paradigms. *Professor Sobhan* elaborates on how post-MDG international development goals can contribute to promoting a 'more just world'.

In connection with the launch of the *Southern Voice on Post-MDG International Development Goals,* I would like to thank *Professor Mustafizur Rahman*, Executive Director, *Ms Anisatul Fatema Yousuf*, Director, Dialogue and Communication, *Dr Fahmida Khatun,* Research Director and *Dr Khondaker Golam Moazzem*, Additional Director (Research) of the CPD for their support in getting the *Southern Voice* off the ground. I recall with thanks that a number of CPD colleagues have worked hard in rapporteuring the sessions of the Dhaka Expert Group Meeting and preparing the transcriptions of the presentations and comments.

On this occasion, I would like to recall with gratitude the contribution of *Dr Peter Taylor*, Acting Programme Leader, Think Tank Initiative (TTI) in shaping the *Southern Voice on Post-MDG International Development Goals* and taking the initiative forward.

I would also like to acknowledge with thanks the contribution of *Ms Mahenaw Ummul Wara*, Research Associate, CPD for coordinating the publication process, *Ms Nazmatun Noor*, Deputy Director, Dialogue, CPD for copy editing, *Ms Erin Palmer* for the stylistic editing of the papers, and *Mr Avra Bhattacharjee*, Deputy Director, Dialogue, CPD for designing the cover of the series.

I hope the engaged readership will find the document stimulating.

Dhaka, Bangladesh
15 April 2013

Debapriya Bhattacharya, PhD
Chair
Southern Voice on Post-MDG International Development Goals
and
Distinguished Fellow
Centre for Policy Dialogue (CPD)
E-mail: debapriya.bh@gmail.com

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Acronyms

BRICS	Brazil, Russia, India, China and South Africa
CPI	Consumer Price Index
CSO	Civil Society Organisation
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
G-7	Group of Seven
G-20	Group of Twenty
IMF	International Monetary Fund
LDC	Least Developed Country
MDG	Millennium Development Goal
NGO	Non-Government Organisation
NIEO	New International Economic Order
ODA	Official Development Assistance
OPEC	Organization of the Petroleum Exporting Countries
RMG	Readymade Garments
SWF	Sovereign Wealth Fund
UN	United Nations
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
US	United States
USD	United States Dollar
WTO	World Trade Organization

Designing MDGs for a More Just World

Rehman Sobhan

In the 1970s we lived through what was known as the search for a new international economic order (NIEO). The substance of my presentation addresses the search for designing new Millennium Development Goals (MDGs) beyond 2015. However as a prelude, and as you are an assembly of think tanks from the South, I intend to recognise the role of Southern voices in shaping this search. One of your significant contributions will be to influence this debate. However, one of the challenges of speaking for the South that we faced in the 1970s was to speak with one voice. In the ensuing three decades this challenge has remained undiminished.

Historically, the South had been a very underdeveloped global player due to its dependence on the North for capital. Thus, in the 1970s, the main dynamic in the search for an NIEO was the ascendency of the oil-exporting countries belonging to the Organization of the Petroleum Exporting Countries (OPEC). Collective action by OPEC in the wake of the Ramadan War in 1973 raised the global price of energy sharply. Until then, energy had been massively underpriced, because the industry in energy-exporting countries was dominated by corporate giants who earned the monopoly profits through their domination in the energy processing sector and global marketing. The progressive nationalisation of the energy sector by successive members of OPEC, and their willingness to act together, enabled oil-exporting countries to set the price of energy at levels where they could retain a much larger share of the value added. As a result, since 1973 these countries accrued significant capital surpluses, since their economies could not readily absorb the massive rise in external revenues.

Significantly, for the first time since the colonial era, some countries from the global South emerged as key players in the global economy through their command over large capital surpluses. This created new opportunities in the international arena for elevating the voice of the South. In those days, I wrote substantially on using the OPEC surpluses as a critical instrument for promoting South-South cooperation, which I deemed essential for constructing the NIEO. I prepared a monograph for the OPEC Special Fund Secretariat suggesting collective action in using the OPEC surpluses for that very purpose. Tragically for the South, and more so for the OPEC countries, this window of opportunity closed by the mid-1980s with the erosion of the surpluses and the structural weaknesses an economy demonstrates when the resource generation capacity is dependent on a single commodity.

During the 1970s, opportunities for constructing an NIEO remained unexploited. OPEC ceded control over recycling its surpluses to Western financial institutions, and eventually squandered much of its wealth in conspicuous consumption and largely superfluous defence procurements. These expenditures served to enrich Western arms manufacturers, construction contractors, banks and exporters, and thereby easing the balance of payments deficits in their respective countries. In the process, the voices of the South remained weak. Eventually, the global South's search for an NIEO was overtaken by the long night of the Washington Consensus during the 1980s and 1990s, when the voices of the South were largely silent.

Today, when the think tanks of the South are assembled here to rediscover a Southern voice, we are witnesses to a complete transformation in the objective circumstances of the South, compared to the NIEO era. What is new is the exponential enhancement of South's capacity to compete in the global economy. This strength does not derive from fluctuating fortunes originating from the price of a few commodities, but through structural changes in the comparative advantages of a growing number of countries in the South. Enhancing the economic power of the South invests us with a voice that we never adequately possessed in the era of the NIEO. As a consequence, all of you assembled here bear a significant responsibility. You are today much freer to express yourselves in a world where the substantive and growing strength of the South amplifies and lends authority to your voice, to an extent that was never available to those of us who spoke out in the NIEO decade.

The Issues

I have accordingly identified a set of issues, divided into two parts, for you to discuss in preparing a Southern agenda for the new MDGs. The first part discusses the need and scope for consolidating the strength of the South through greater South-South cooperation, with the goal of building a more just world order. The second part seeks to add value to the post-2015 MDGs by constructing more just societies at home. In order to build such societies we will need to focus on distributive justice at home to end poverty by empowering the resource-poor and enabling their participation in the development process. Establishing justice within countries of the South remains part of the broader issue of building a more just world order. Similarly, the issue of enhancing the Southern voice cannot be disconnected from giving voice to the citizens of Southern countries.

I point out that these two goals are not necessarily congruent. There is an attempt to conflate these two issues in some of the international discourse, such as the *Human Development Report* recently published by the United Nations Development Programme (UNDP). They have addressed the issue of enhancing the voices of the South, but try to link it with the post-2015 MDG issue. While the South's position today is being globally enhanced, within the South – even in the many countries at the forefront of amplifying voices from the South – inequity within its respective societies has increased.

The current rise of the South has been driven by market forces that tend to have a disequalising influence between and within countries of the South. As the South has become increasingly competitive, some countries, particularly in Asia, are emerging as the factories of the global economy. As a result, we may face the irony that the new enemies of globalisation will be located in the North, where economies are progressively seeing globalisation erode their competitive strength and increase unemployment in their rust belt areas. Northern lobby groups are speaking with a strong protectionist voice, particularly in the United States (US), which has become a significant victim of these recent global trends.

While acknowledging the growing strength of the South, we must also recognise that today's growth is driven largely by a smaller group of economies, which I term 'BRICS+'[1]. The dynamism of BRICS+ is not necessarily matched by the dynamism or transformation of many other economies in the South, particularly those categorised as least developed countries (LDCs). Thus, one of the negative dimensions of a market-driven globalisation process and the rise of the South has been the widening disparity between countries of the South and within their respective societies, including among the BRICS+.

Critical Questions for Designing Post-2015 MDG

Restructuring the global economic order will need to accommodate the emergence of the global South as a major force in the global economy. At the moment there is a peculiar mismatch between what is going on in the marketplace on the one hand, and the superstructure of the global order, which continues to be heavily dominated and influenced by the North, on the other.

The main lesson that emerged from the struggle for an NIEO in the 1970s was the fact that global institutions, particularly institutions governing the financial markets, were largely North-centric. Thus, much of the surplus generated in the South in the 1970s was intermediated into the global economy by these Northern financial institutions. These institutions not only controlled the financial markets, but were also believed to do so because of their competitive efficiency. Today the South has, to some extent, been saved from such a process, because the recent and not yet concluded global financial crisis has established that these same financial institutions are not as efficient or reliable as they were once presumed to be, and have actually precipitated the crisis.

The failures of these Northern institutions are being compounded by the ongoing failure of Northern policymakers to inspire significant economic recovery in their economies, despite state policies that have reduced the cost of money to virtually zero. Thus, all Southern financial managers – whether in the state or the private sector – who seek to invest their financial surpluses will need to think many times before they trust their funds to these same failed institutions, for either guidance or intermediation. Fortunately there are many strong financial institutions emerging in the South. Some of the world's strongest banks are located in the People's Republic of China. The Sovereign Wealth Funds (SWFs) in the South are also some of the largest of their kind and are fully capable of managing their own finances.

In response to the South's rise, the North's strategy, which dates back many years, is to keep the South divided. This is part of the inheritance of colonialism, when virtually all South-South ties were destroyed and a verticalised global economic order was perpetuated, even beyond the colonial era. Thus, the move to restructure this global order that continues even today, needs to lateralise economic relationships within the South. Such lateral links historically existed in the era when China, India and even the Arab world were important players in the global system. So far, the North's approach has been to offer some Sothern countries a seat at the high table by establishing the Group of Twenty (G-20). But this has remained a talk shop while key decisions for setting the global agenda remain reserved for the Group of Seven (G-7).

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[1]BRICS is the association of emerging national economies: Brazil, Russia, India, China and South Africa. The BRICS+ also include – other East Asian countries, Mexico, Argentina and Turkey.

As part of this divide and rule strategy, the goal of the North has been to separate its most powerful challenger, China, from the rest of the South by portraying it as their enemy due to its size and competitive strength. They argue that China is now appropriating the natural resources of Africa and Latin America in a neo-colonial relationship, and is emerging as a hegemonic power in Southeast and East Asia. The North argues for caution in strengthening ties with China, and suggests that India should be now recognised as its democratic rival. As part of this strategy, the agenda of some major Northern powers has been to encourage the regionalisation of the South and to deal with each region separately.

We need not quarrel with the move toward regionalisation. Today there are indeed several Souths and the notion of an integrated South remains in the future tense. The critical issue is to see how these countries can act together even as BRICS, assembled from different regions of the South, act together to establish themselves as a global force. The BRICS have already met together recently in New Delhi and Durban, and established a bank as the first operational instrument of cooperation within the upper ranks of the South. The critical question for the next decade is how far the BRICS can use their growing strength in the global arena to mobilise countries of the South to speak with a collective voice. I cannot answer this question today; I am, therefore, putting these questions on the table before you to discuss as part of the agenda of Southern think tanks.

Among the issues you may want to explore is the scope for harnessing the dynamism of the BRICS to strengthen Southern trade and financial links in a way that catalyses growth in the rest of the South. This enquiry will need to examine the extent to which the BRICS can establish themselves as drivers of Southern growth and transformation.

Enhancing the Voice of the South

Historically, for those of us who grew up during the NIEO debate, we always talked about the North as the engine of growth. It was believed that when the North, particularly the US, caught a cold all Southern finance ministers had to take medicine. This is no longer the case. Even in the midst of the recent major global crisis in the North, significant growth was taking place, particularly within Asia, but also extending into other parts of the South. A significant part of this growth was driven by the dynamism of countries such as China, Brazil and India that spilled over to stimulate trade and investment within their respective regions. Of these, the Chinese economy played a particularly catalytic role in sustaining growth within the East and Southeast Asian region.

You will need to revisit the issue of the South as a major source of development finance. Some Southern countries are emerging as important financial players in the global system. I recently participated in discussions initiated by the United Nations Department of Economic and Social Affairs (UNDESA) on innovative sources of global finance for promoting the MDG process. I pointed out that the most innovative sources of finance in the global system do not emanate from the prevailing Monterrey discourse to enhance North-South flows, but really come out of the rise of the South as major resource provider today and in the future. If we look at global reserves, Asia alone (including West and Central Asia) holds 52 per cent of global reserves. If we include Japan, with its dual identity as an Asian country associated with the North, we can add another 10 per cent to Asia's collective reserves, which now account for nearly two-thirds of global reserves. Asian countries hold about 2.5 trillion dollars worth of US Treasury Bills, so the health and strength of the US Dollar and the US economy is largely contingent on the willingness of certain Asian countries to continue to invest their capital surpluses in the US. If you look at the SWFs that are emerging as the new state-driven global players in the international financial system, the Asian SWFs, which include both West Asian and Central Asian funds, control 77 per cent of the international systems' SWF capacity.

Given these transformative changes, not just in the global economy but also in the ownership of its investment resources, it can be argued strongly that the UN system, its financial institutions such as the World Bank and the International Monetary Fund (IMF) and the World Trade Organization (WTO) should now accommodate a substantive Southern voice in their discourse. I found it outrageous that in the middle of a global financial crisis the transition in both the World Bank and the IMF were influenced by the tradition of appointing an American President of the World Bank and a European Managing Director for the IMF. I find it unacceptable that the global financial community could not accommodate a Southern figure to lead even one of these organisations. We are now reaching a point where we will need to challenge the hegemony of the US Dollar as the global reserve currency. Countries with large parts of their reserves held in US Dollars remain hostage to US domestic economic policy, and up to a point, its foreign policy.

The US, in spite of its enfeebled economic condition and its net deficits in the budget and balance of payment account, is still using its inherited domination over the global economic system to inject its strategic concerns into its financial and trading transactions. The use of financial sanctions and the freezing of investments of countries with which the US is in political contradiction challenge the first principle of globalisation. The historic ideal of globalisation to establish a competitive market-driven system assumed that capital markets should be insulated from political capture while market forces should guide global trade. Unfortunately, the US and its strategic allies continue to use their political influence over the UN system to impose trading and financial sanctions on countries with which they are in dispute. This undermines the foundations of a depoliticised and neutral global economic order.

Strengthening Links within the Global South

If the South is to prosper universally, we will need to strengthen the transmittal of the growth of the BRICS across the South. China has demonstrated its capacity to catalyse growth in Southeast and East Asia. Unfortunately, India has not demonstrated a similar capacity to transmit its growth to its neighbours in South Asia. This differentiation in transmission capacities is again one of the issues that Southern think tanks need to discuss.

East and South Asian economic links are strengthened with West and Central Asia. Asia has now emerged as the largest market for energy exports. West Asia is no longer largely dependent on the appetites of US and Europe for their energy market, which is now progressively expanding in Asia. West Asian growth and its prosperity are also driven by labour inflows from Asia, and particularly South Asia. In turn, remittances from West Asia into South Asia have become the principal source of external earnings, and have contributed to the reduction of household poverty in a number of these countries. Asian exports to West Asia are also outcompeting traditional sources of imports from the North, and so, West Asia's trading relations are also being restructured.

Asia is emerging as a major trading partner for Africa and Latin America. The natural resources of these two regions have attracted China and India, and Asia's markets are being restructured to enable more links with them. The growing economic ties also provide scope for enhancing financial flows where foreign direct investment (FDI) is already moving across the South. Both China and India are investing substantial capital in resource-rich Sub-Saharan Africa and Latin America. There is a need to expand these flows into other LDCs.

The scope for widening links between the BRICS and the LDCs is a challenge for Southern think tanks. These think tanks also need to discuss the scope for restructuring the global macroeconomy. As it stands, some countries of the North have become sinkholes for Southern capital surpluses that are effectively financing the US's double deficits because of the structural features inherent in the political economy. For political reasons, US appears incapable of enhancing its rate of domestic savings and particularly its fiscal revenues. While there is much more scope for enhancing official development assistance (ODA) from the BRICS+, it is more important to redirect the large volume of capital from the BRICS+ that is invested in low return assets such as Treasury Bills in the North, to potentially higher-yielding investments in the South. Think tanks need to explore the scope and implications of realising a greater realignment of Southern capital surpluses toward Southern economies.

Another avenue of enquiry would be to explore migrant remittances, particularly to Asian countries. The challenge of the next decade will be to see how far and in what ways these migrant remittances can be graduated out of their traditional role to enhance household income into a major source of investment. These large and growing external sources of finance can serve to dynamise the domestic economies of the receiving countries and enhance the economic power of migrants.

A final topic of discussion may be the tantalising prospect of a Southern Monetary Fund. Some years ago the idea of an Asian Monetary Fund proposed by Japan was shot down by the US. But in today's world, where the global surpluses originate principally in Asia, there is no good reason why these ideas should not be revisited. Such a fund would de-ideologise lending practices, moving them away from the narrowly defined agendas associated with the Washington Consensus.

Addressing Intra-Country Inequity

The final part of my presentation uses the discussion on post-2015 MDGs to argue for building more just societies.

The current MDGs focus on reducing poverty only address some of its symptoms. It is significant that so far the discourse on poverty has been heavily influenced by a numbers game that aims to move people over a poverty line of USD 1.25-a-day. One of the important MDGs was structured around this measure. In a book I recently published, called *Challenging the Injustice of Poverty: Agendas for Inclusive Development in South Asia*[2], I questioned this approach. I observed that the prevailing policies for poverty reduction focus on programmes that enhance income or arrest the

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[2]Sobhan, R. 2010. *Challenging the Injustice of Poverty: Agendas for Inclusive Development in South Asia*. New Delhi: SAGE Publications India Pvt Ltd.

erosion of incomes of the poor. Such policies sought to treat the symptoms of poverty through investments in social safety net programmes.

In support of this I point out that when the Tendulkar Committee was asked to review India's poverty line, it recommended raising the line from USD 1 to USD 1.25-a-day. As a result, 189 million Indians were moved below the poverty line. This suggests that moving people above and below a poverty line is a fool's game that tells you little about the nature and sources of poverty.

Looking at a whole range of countries in the South and comparing the difference between a poverty line of USD 1.25 and USD 2-a-day, I find that in virtually all the countries, where, say, one-third of the population is below the poverty line, you may have an even larger proportion living between these two poverty lines. Thus, in virtually every country in the South, a significant part of the population remains trapped within this 75-cent margin (see Annex 1).

The evidence indicates that the notion of measuring change in terms of targets for moving people above the poverty line is an unproductive exercise, since the resource-poor can move back across the line without significantly changing their lives. Some improvements in living conditions may occur, but there is no structural change that allows them to sustain this improvement, so they remain perpetually vulnerable to the vicissitudes of the market and misgovernance. This implies that while people's conditions may have been moderately improved because of gross domestic product (GDP) growth and other social protection interventions, there has been little qualitative change in their circumstances.

The process of growth in the South, as we have observed, has been largely market-driven, fuelled by the competitiveness of manufacturers. However, growth in the manufacturing sectors required investments of capital needed to ensure their competiveness. Such a process required concentrating capital in the accumulation process. This contributed to the emergence of wealthy elites associated with these enterprises and was not conductive to promoting inclusive growth.

Three decades of market-driven reforms have entrenched a philosophy of private wealth accumulation and legitimised the socio-political power of business elites who are symbiotically linked to the power structures in the Southern societies. However much our hearts may be bleeding for the dispossessed of the global South, in virtually every society, including in China today, there are new hierarchies of power sustained by a philosophy of acquisition that serves to legitimise their authority and power within that society.

Within such a developmental order, democratic processes, where they exist (and there are many countries that are now theoretically classified as democratic) have, in practice, evolved into a rich man's game. Those with wealth can buy power and have access to it, and consequently get themselves elected. Access to power empowers them to enhance their power. We have, accordingly, witnessed the emergence of business elites as the dominant social force in every country of the South, with a corresponding weakening of the authority of the state. The two outliers to this trend remain China and Vietnam, where the state remains the dominant player in the development process. These two states are also recognised as Southern success stories for realising significant growth and poverty reduction.

Weakness of the Post-MDG Discourse

Keeping these development trends in mind, how might we address the MDG agenda in the post-2015 process? The first MDG agenda established quantitatively defined targets to reduce poverty and to address various manifestations of it. These initial goals were neither designed to promote equity, nor to promote inclusion in the development process. However, during the MDG process it became apparent that economic inequality and social disparities were being accentuated even where MDG goals were being realised. While these trends were captured in the reviews of the MDG process, very few creative ideas have emerged about how to correct these disparities. As a result, the post-MDG discussions today are increasingly focused on how to promote more inclusive development that will reduce poverty and promote greater equity.

I have reviewed some of the contributions of civil society organisations (CSOs) and non-government organisations (NGOs) aiming to influence the agenda of the Cameron Committee struck by the UN Secretary-General to establish a new set of MDGs that go beyond 2015. A good many of these contributions address the issues of inequality and the injustices that create it. From what I have seen of the ongoing discourse, there are noticeable limitations in the interventions being suggested to promote inclusion. Many continue to address the symptoms, rather than the causes, of poverty. They point to the need to improve health, improve education and reduce maternal mortality for the economically deprived. They propose social provisioning to compensate those households that have not benefitted from the growth process. Thus, in its 11th and 12th Five Year Plans, the Indian government has committed itself to inclusive development through greater investment in social protection programmes. However, investments in social protection are heavily underwritten by budgetary transfers derived from increased revenues and reallocation of public expenditure. Such a policy agenda demands that the state must go on generating the resources and also command the necessary political backing for redirecting its expenditures towards social protection.

The global development community has traditionally supported this symptomatic approach to poverty reduction by enhancing and redirecting flows of external aid into social provisioning components of the development process. In my work, I point out the limitations of this approach, despite my support for investments in social provisioning while significant poverty prevails. Today, rights-based discourses have been introduced into the policy process through interventions by the judiciary rather than through the political process.

The rights-based approach strengthens the case for prioritising resources for the poor, but does not address the causes of poverty. I argue that structural injustice remains the cause of poverty and inequity. Prevailing policy interventions do not address the sources of the problem. However much these policies help to alleviate poverty by treating its symptoms, the causes remain intact.

The prevailing emphasis on social protection intervention remains largely disconnected from the dynamics of growth and the functioning of the economy. Thus, the policy agendas inspired by the Washington Consensus that prioritise growth continue to serve as the macroeconomic core of poverty alleviation. Growth stimulated by such policy reforms could enhance public revenues needed to finance safety net programmes. The growth process could further help to reduce poverty through secondary and tertiary processes that enhance employment and other income earning opportunities. However, safety net programmes will continue to rely heavily on budgetary transfers and will serve to perpetuate a culture of dependence among the poor. Continuing dependence on budgetary transfers may, in many countries, eventually become unsustainable. Unless aid flows can be assured in perpetuity, Southern think tanks may want to address how far the public finances of LDCs can sustain a social protection agenda for alleviating poverty.

In my view, the central challenge before all of you, if you aspire to add substantive value to the post-2015 discourse, is to diagnose the sources of the structural injustices that create poverty and perpetuate inequity. In my work I have identified a set of critical structural issues which serve to perpetuate poverty and inequity. They are as follows.

Inequitable distribution of assets. If the poor are to emerge as major players in the economy, we need to enhance their capacity to generate income by giving them access to assets. These assets may extend beyond the traditional areas of land, water and forestry resources to ownership of corporate assets.

Unequal participation in markets. As long as we operate within a market-driven system to sustain the growth process we will need to recognise that markets are extremely inequitable institutions where the poor remain poor because they participate on unequal terms.

Unjust access to education and healthcare. While the MDG agenda has ensured that close to 100 per cent primary education enrolment has been realised in many LDCs, huge gaps prevail between elite-driven, privately-provided education and the increasingly large number of state-driven or even privately sustained schools that are the major sources of primary education for the poor. Similarly, inequitable access to healthcare has opened up a huge divide between a privileged elite who can afford private healthcare of quality and the masses who are struggling with state-driven health services or low quality private providers. This health divide limits the life opportunities of the poor, as well as their capacity to compete in the market place.

Undemocratic process of governance. The poor remain victims of an undemocratic process of governance where access to justice, access to public services, and particularly, capacity to participate in the democratic process remains highly inequitable. The challenge before you, if you want this injustice to be addressed, will be in making your contribution to the post-2015 discourse. The following section discusses some issues you may want to address.

Agendas for Addressing Injustice

Widen Access to Assets

How do we widen access to assets? You will have to address issues of widening access to land, and ensuring more equitable access to water and forestry resources. Such natural resources have, in many countries, been grabbed and appropriated by business elites. Land owned by the poor should be considered their equity. No one's land should be appropriated for development without being assured an equity stake in the value that will be added to their land through the appropriation. I argued in my book that part of the conflict in India over Tata's claim on lands in West Bengal at

Singur should have been addressed by offering all the people whose land would have been appropriated an equity stake in the automobiles project so that they would have an opportunity to share in the value added from that process.

A similar approach to resource-rich Latin American, and particularly Sub-Saharan African countries, may be considered. One of the main strategies would be to create opportunities for people who work in natural resources extraction, as well as for the broader population living in areas from which the resources are extracted, to obtain an equity stake in the value added processes. They should be given a lifetime opportunity to share in the added value by recognising their ownership rights to these resources.

Asset ownership by the poor may also be extended beyond natural resources to the ownership of corporate wealth. The notion that all that the asset ownership aspirations of the poor should be limited to microcredit that enables them to operate a small grocery store or drive a rickshaw is an unacceptable arrangement for the 21st century. There is no reason why we should not create both institutions and opportunities where the poor can be equipped to become corporate partners in major growth-driven development and financial institutions.

Thus, for example, the financing of the Padma Bridge, a massive USD 3.2 billion infrastructure project spanning the Padma (Ganges) River could, in part, be supported by the savings of thousands of low-income households. Mobilising these previously unrecognised resources would not exclude accessing finances from international sources that could also provide the necessary technology and expertise to implement such a large project. In the case of the Padma Bridge, around 2 to 3 million people may be willing to invest a few thousand Taka in order to become stakeholders in the enterprise. Since this is likely to be an income generating project, they could be offered an equity share in a corporate enterprise that could be established to own and operate the bridge. Such locally generated savings could underwrite much of the local currency costs for such a project.

More Equitable Participation of the Poor in Markets

I would also address the issue of more equitable participation of the poor in markets. We must keep in mind that the central dynamic of the growth process is derived from value addition. The poor, as primary producers and suppliers of their labour services, are compelled by their economic circumstances to market the products at their doorstep to local traders. However, the real money is made in the upper tiers of the market and in the value that is added to the product; thus, the value addition of the soybean or coco farmer is appropriated by the vegetable oil industry or the chocolate manufacturer. Such corporate interests, including multinationals such as Nestle, emerge as the principal beneficiaries of the primary production process. The critical issue is to find ways to link growers to these corporate entities by offering them an equity stake in the process. Growers may also be linked to the upper tiers of the market through collective action that increases their marketing capacity.

In the Bangladesh labour market, the working class female wage workers who live on USD 30 to USD 40-a-month are major contributors to the value added by the readymade garments (RMG) sector. While millions of such workers live insecure lives tied to their low wages, the value they create enables about 2,000 or so manufacturers to emerge as Dollar multimillionaires. What can we do to enhance the participation of these workers in the value they add? I suggest that they should be given opportunities to become equity partners in the companies where they work.

Institutions for Broadening Ownership

We should design institutions that can enable primary producers to become partners in the value addition process. I have identified the need for collective action; if we are to avoid the experience of the Russian model of offering individuals ownership rights, which can and has been rapidly brought out by beggar market players, we need to build institutions comprised of the resource-poor so they can become collective stakeholders in such enterprises and protect individual members from appropriation of resources they own. A possible model is provided by Grameen Bank, the world's biggest microfinance organisation, owned by its seven million women borrowers who have protected it from government attempts to take it over and dilute their ownership rights.

Another model of collective ownership is provided by the Self-Employed Women's Association (SEWA) in Gujarat, India, which identifies itself as a trade union/co-operative for its two million women workers/members. Another is Mondragon, a fully worker-owned corporate based in Spain. A further such model is provided by Lijjat co-operative enterprise owned by 40,000 poor women who produce pappadams in their homes; today it is the single largest pappadam producer in India. Finally, AMUL, also in Gujarat, has organised millions of small dairy farmers in a large co-operative enterprise which not only procures, processes and market their milk, but also adds value to the product. AMUL has emerged as the largest agro-processing enterprise in India with an annual turnover of over a billion dollars.

Financial Intermediation

Let me conclude by observing that all such institutional initiatives need special forms of financial intermediation. We may thus explore the opportunity to graduate microfinance institutions into macrofinance institutions owned by members who can participate in the market. For example, BRAC Bank, established and largely owned by BRAC itself, should attempt to reach out to BRAC members and offer them an equity stake in this highly profitable enterprise. BRAC's microfinance operations could also be reincorporated as a separate institution owned by its members along the line of Grameen Bank. Both BRAC and Grameen Bank should be empowered to extend their services to Bangladeshi migrant workers in the Middle East. Mutual funds for low-income savers could also be established to bring together 100,000 to 200,000 households to invest their savings, leveraged by corporate banks to elevate them to major participants in the financial market.

Quality Education for All

In my work, I talk of quality education for the poor as a means of providing them with opportunities to compete in the job market with those who attend elite private schools. Opportunities should be created to enable poor children to attend elite schools while the public education system is upgraded to meet the education standards of these elite schools.

Democratise Governance

I also want to mention the need to democratise governance. We need to explore how we might democratise democracy, democratise the governance process, deal with corruption (which remains an inherently *rich man's game*), and realise equity before the law for the poor.

Redesigning MDGs for a More Just World

I present all these issues before you so that, as Southern think tanks, you can apply your minds to addressing them in order to ensure substantive inclusion of the poor in the development and governance process. In redesigning the MDGs we need to set quantifiable and feasible targets for addressing the agendas for structural change; we need to democratise international institutions; we need to identify measures for redirecting global financial flows to the South.

I argue that such an agenda should provide the basis for a new generation of MDGs. Otherwise we may go on playing the MDG game of expanding social protection networks. We can continue to seek larger budgetary resources for social programmes. But the poor will remain condemned to survive at the lower end of the market and at the lower end of society, and their circumstances will never be significantly transformed. We will, therefore, need to commit ourselves to a third and fourth round of MDGs, which your children will be discussing similarly in the years to come. The question is whether, through your work, you can emerge as significant agents of change in transforming opportunities for the deprived in your societies and around the world so that the nature of society can itself be transformed through your creative interventions.

Annex 1: Poverty Situation in Selected Regions and Countries

Country	Reference Year	% of Population below $1.25-a-day	% of Population between Poverty Line $1.25 and $2.00-a-day
East/Southeast Asia			
Cambodia	2007	28.3	28.2
China	2005[a]	15.9	20.4
Indonesia	2009[a]	18.7	32.0
Lao PDR	2008	33.9	32.1
Philippines	2006	22.6	22.4
Thailand	2009	12.8	13.7
Vietnam	2008	13.1	25.3
South Asia			
Bangladesh	2005[b]	49.6	31.7
India	2005[a]	41.6	34.0
Nepal	2004	55.1	22.5
Pakistan	2006	22.6	38.4
Sri Lanka	2007	7.0	22.1
Sub-Saharan Africa			
Angola	2000[c]	54.3	15.9
Congo, Dem. Rep.	2006	59.2	20.4
Ethiopia	2005	39.0	38.6
Ghana	2006	30.0	23.6
Kenya	2005	19.7	20.2
Liberia	2007	83.7	11.1
Mali	2006	51.4	25.7
Mozambique	2008	60.0	21.6
Nigeria	2004	64.4	19.5
Senegal	2005	33.5	26.9
South Africa	2000	26.2	16.7
Tanzania	2007	67.9	20.0
Uganda	2009	37.7	26.8
Zambia	2004	64.3	17.2
Zimbabwe	-	-	-
Latin America			
Bolivia	2007[d]	14.0	10.7
Brazil	2009[d]	3.8	6.1
Colombia	2006[d]	16.0	11.9
Nicaragua	2005[d]	15.8	16.1

Source: World Development Report 2012.
Note: a. Population weighted average of urban and rural estimates. b. Adjusted by spatial Consumer Price Index (CPI) data. c. Covers urban areas only. d. Based on per capita income averages and distribution data estimated from household survey data.

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Southern Voice on Post-MDG International Development Goals (*Southern Voice*) is a network of 48 think tanks from Africa, Latin America and South Asia, that has identified a unique space and scope for itself to contribute to the post-MDG dialogue. By providing quality data, evidence and analyses that derive from research in the countries of the South, these institutions seek to inform the discussion on the post-2015 framework, goals and targets, and to help give shape to the debate itself. In the process, *Southern Voice* aims to enhance the quality of international development policy analysis, strengthen the global outreach capacity of Southern think tanks, and facilitate professional linkages between these institutions and their respective governments. *Southern Voice* operates as an open platform where concerned institutions and individuals from both South and North interact with the network members. *Southern Voice Occasional Papers* are based on inputs received at various platforms of the initiative. *Centre for Policy Dialogue (CPD)*, Dhaka works as the Secretariat of the *Southern Voice*.

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2015 Southern Voice

On Post-MDG International Development Goals

Website: www.cpd.org.bd/PostMDG

E-mail: southernvoice2015@gmail.com

Secretariat:

Centre for Policy Dialogue (CPD)

House 40/C, Road 32, Dhanmondi R/A, Dhaka 1209, Bangladesh

GPO Box 2129, Dhaka 1000, Bangladesh

Telephone: (+88 02) 8124770, 9143326, 9126402

Fax: (+88 02) 8130951; E-mail: info@cpd.org.bd

Website: www.cpd.org.bd; Blog: www.cpd.org.bd/Blog/