

The Post-2015 Development Agenda. Addressing Structural Injustice

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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, entitled *Challenging the Injustice of Poverty: Agendas for Inclusive Development in South Asia* (2010), 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 misleading exercise that does little to expose the nature and sources of poverty. This paper therefore seeks to refocus the discussion towards addressing the sources rather than just the symptoms of human deprivation.

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 and forth 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. As a result the poor remain perpetually vulnerable to the vicissitudes of the market and misgovernance.

The process of growth in the South has been largely market-driven, fuelled by the competitiveness of its

manufactures. 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. 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 such a developmental order, democratic processes, where they exist, have, in practice, evolved into a rich man's game. Those with wealth can buy power through the electoral process and use their office to enhance their wealth. We have, in consequence, 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.

Weaknesses in the Post-MDG Discourse

Keeping these development trends in mind how might we address the post-2015 process? The first MDG agenda established quantitatively defined targets to reduce poverty and to address its various manifestations. 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.

Contributions of civil society organisations (CSOs) and non-government organisations (NGOs) aiming to influence the agenda of the High Level Panel (HLP) set up by the UN Secretary-General to establish a new set of MDGs that go beyond 2015 have argued for narrowing disparities in development outcomes. However, much of the discussion continued, as in the earlier discourse on poverty, to address the symptoms, rather than the sources, of poverty and inequality.

The final report of the HLP reflects these same limitations which guided discussion seeking to influence their agenda. It discussed the need for a more inclusive development strategy but emphasised enhanced investments in social protection, 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.

Sources of Structural Injustices

If we aspire to add substantive value to the post-2015 discourse, we need to diagnose the sources of the structural injustices that create poverty and perpetuate inequity. I identify below a set of critical structural issues which serve to perpetuate poverty and inequity.

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 providing them with 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 developing countries, 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. If we aspire in the post-2015 discourse to add value we will need to challenge the structural injustices which lie at the sources of human deprivation.

Agendas for Addressing Injustice

To overcome these sources of structural injustices, propose the following measures:

Widen Access to Assets

We will, at the outset, need to address the issue of broadening access to land and ensuring more equitable access to water and forestry resources. Such natural resources have, in many countries, been appropriated by business elites. Land owned by the poor should be considered as their equity stake in the development process. No one's land should be appropriated for development without assuring them a share in the value that will be added to their land through its development. I have 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 lands would have been appropriated an equity stake in the Nano project so that they would have an opportunity to share in the value added from the manufacturing process.

Asset ownership by the poor may also be extended beyond natural resources to the ownership of corporate wealth. The notion that the asset ownership aspirations of the poor should be limited to micro-credit 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. Similarly collectives of low income households could be offered an equity stake in various infrastructure projects with a capacity for assured income generation, as for example in major bridges and highways which are now assigned exclusively to corporate investors in the name of public-private partnerships.

More Equitable Participation of the Poor in Markets

We also need to 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 sell 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) industry. While millions of such workers live insecure lives tied to their low wages, the value they create enables about 500 or so manufacturers to emerge as dollar multimillionaires. It is suggested that these workers be provided with the right to share in the value they add from their labours through opportunities to become equity partners in the companies where they work.

Institutions for Broadening Ownership

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 bigger 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 eight million women borrowers who have protected it from government attempts to take it over and dilute their ownership rights.

Other models of collective ownership include AMUL in Gujarat, India, that has organised millions of small dairy farmers in a large co-operative enterprise which not only procures, processes and markets 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

All such institutional initiatives based on collective ownership by the poor 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. 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 assume a significant presence in financial markets.

Quality Education for All

We need to move beyond simply providing education for all to providing quality education for the poor as a means of enhancing their capacity to compete in the job market with those who attended 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. The ultimate goal should however be to move towards a common schools system which provides high quality public education to all on the lines of the post-war socialist and social democratic regions of Europe as also in East Asia and Singapore.

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. In the final analysis we must aspire to ensure substantive inclusion of the excluded in the development and governance process.

Towards a More Just World

To bring these agendas forward, they have to be accompanied by structural changes on the global level.

Sharing in Global Value Addition

If the global community genuinely aspires to change the structures of opportunity in order to build a more

inclusive world order, it will need to place the issue of shares in global value chains on the table. Today coffee growers in Costa Rica, cocoa growers in Ghana, banana growers in the Philippines and workers in Bangladesh's garment industry remain at the bottom of the global value chain. If we disaggregate Wal-Mart's supply chain which enables it to market a shirt in New York for \$25, we find that 5% of that value will be shared by workers at the bottom of the chain, another 5% by the local export entrepreneur, but 63% will accrue to Wal-Mart. Some part of this 63% may constitute genuine costs to Wal-Mart associated with the transport and marketing process. But a sizeable part of the value chain is retained in the form of rents accruing to Wal-Mart originating in the inequitable nature of a global economic order. It is a challenge for the global community to explore the extent to which and how a larger share of this 63% may be retained by the exporting country and within it by the workers at the bottom of the chain.

Democratising Global Institutions

Other interventions at the global level such as enhancing global resources flows to the less developed regions of the global south and enhancing their market access will also need to be explored. Such initiatives may be more immediately and effectively addressed through international institutions such as the World Bank, IMF and WTO which are more representative in their leadership and more democratic as well as accountable in their governance.

South-South Cooperation

The global macro-economy has, for some years, been severely imbalanced largely due to the structural deficits of the world's largest economy, the United States on both its external and budgetary account. Furthermore, the breakdown in an increasingly dysfunctional and weakly regulated global financial system has driven both North America and the European Union into a protracted economic recession impacting around the world. The burden of stimulating the global economy has, consequently, largely devolved on the countries of the South led by the larger economies such as Brazil, India and China whose share of both global trade and GDP has grown significantly. In such circumstances the capital surpluses of the global economy, manifested in global reserves and in

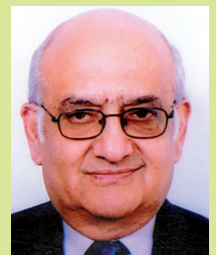
Sovereign Wealth Funds (SWF), largely originating in Asia, are partly deployed to underwrite the twin deficits of the US economy.

It is arguable that such a global order is neither an efficient nor a just way to manage the world economy. If we aspire to design a more just world without poverty by 2030 many changes need to be realised in a future development agenda as well as in the global order. A major challenge will be to explore the scope and modalities for redesigning the global financial system so as to ensure that a significantly larger share of the capital resource of the South can be utilised within for underwriting the development and structural transformation of the less developed economies.

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