



**COLLATERAL DAMAGE OR CALCULATED
DEFAULT?
THE MILLENNIUM DEVELOPMENT GOALS AND
THE POLITICS OF GLOBALISATION**

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Introduction

‘I call on the international community at the highest level – the Heads of State and Government convened at the Millennium Summit – to adopt the target of halving the proportion of people living in extreme poverty, and so lifting more than 1 billion people out of it, by 2015. I further urge that no effort be spared to reach this target by that date in every region, and in every country.’ [United Nations, 2000: 12] This appeal was made by the Secretary-General of the United Nations, Kofi Annan, in his report to the Millennium Assembly ‘We the peoples: the role of the United Nations in the twenty-first century’. These were more than just empty words or a reflection on the state of the world at the turn of the century. The Millennium Assembly of the United Nations marked the turn not only of the century, but of the millennium. In September 2000, the Secretary-General called the Heads of State and Government of all countries to New York to assess the situation in the world at the end of the millennium. In his words: ‘The arrival of the new millennium is an occasion for celebration and reflection. ... There is much to be grateful for. ... There are also many things to deplore, and to correct.’ [United Nations, 2000: 3] In his report, Kofi Annan pointed to economic progress for many as one thing to be grateful for, and ruthless conflict, grinding poverty, striking inequality and a degraded natural environment as the main things to deplore and correct. Poverty figured prominently in the analysis, also because of the relation between poverty and wealth, inequality, conflict and natural resources.

The world leaders gathered at the Millennium Assembly responded by adopting a Millennium Declaration pledging, among other things, to halve world poverty by 2015. They also adopted a number of Millennium Development Goals (MDGs): to reduce the proportion of people living on less than a dollar a day, suffering from hunger, and without access to safe drinking water by half; to reduce the mortality rate among children and the maternal mortality rate by two-thirds; to halt the spread of HIV/AIDS, malaria and other major diseases; to

ensure primary education for all boys and girls; and to eliminate gender disparity. They also adopted a final eighth Millennium Development Goal: to develop a global partnership to achieve the other goals, including specific commitments in the field of trade, finance, aid, debt, technology and essential drugs. The partnership was explicitly meant to imply a commitment to good governance, development and poverty reduction, nationally and internationally. [United Nations, 2000b]

Two years later, at the World Summit for Sustainable Development in Johannesburg, world leaders reconfirmed their pledge by unanimously adopting a Plan of Implementation. In this document they stressed that ‘eradicating poverty is the greatest global challenge facing the world today and an indispensable requirement for sustainable development.’ [United Nations, 2002] They explicitly committed themselves to achieving the goal of halving the proportion of the world’s poor and to concerted and concrete measures.

What is all this worth? Does it make sense to set goals and targets at the highest political level? Are the Millennium Development Goals the right ones? Is there any chance that they will be met? If so, how? If not, what could the consequences be? I would like to discuss these and related questions in this inaugural address here at the Institute of Social Studies. The title of my Chair is the Theory and Practice of International Development. Is there any field where the difference between theory and practice is as great as the daily reality of development, international cooperation and poverty reduction? Some might say that this is a rhetorical question. So let me rephrase it. How big is the gap between the image of progress and the reality of poverty, the things to be grateful for and those to be deplored? Is that gap increasing or decreasing in the age of globalisation? Will the Millennium Development Goals help to bridge the gap or will they only serve as a diversion in the global battle for riches, leaving the world’s poor, to borrow a phrase from Thomas Friedman, as ‘road-kill’? [Thomas Friedman, 1999] And, the final question: what can

researchers and students of development – for instance at this Institute – contribute to a theory of welfare, progress and development that can become practice and reality for many more people than in the previous century?

The Millennium Development Goals

The MDGs are new in many respects. First, together they cover a broad and rather complete terrain of basic human well-being. They represent nearly all the relevant dimensions of poverty. At the Johannesburg Summit, after lengthy negotiations, the original set of goals was extended with the pledge to halve the proportion of people without access to basic sanitation. This is a crucial addition: providing access to safe drinking water is not enough. Lack of sanitation, having neither a place nor the means to discharge human excrement without creating new health risks, is essential in the fight against poverty. The goals are part of an integrated whole. The main dimension which is still lacking is poverty resulting from inadequate access to energy and natural resources.

Second, the MDGs concern the world as a whole, but they are not so global that they become vague or unbalanced. The goal is not to halve the proportion of the world's population that is poor by concentrating only on certain countries. Statistically that would be an option, but not politically. The call was to reach the target in every region and in every country. In their declarations responding to that call, world leaders regularly refer to 'each country', 'all countries', 'national programmes', 'concerted measures', 'all levels' and similar concepts. There can be no doubt: the Millennium Development Goals are both global and national.

Third, they are output targets, result-oriented. Not input targets, like the pledge to spend 0.7% of national income on foreign aid. Output targets refer to welfare increases and poverty reduction, not to the

means to be used for that purpose. Nor are they process targets, such as combating the tendency to exclude the poor by enhancing their participation and integration in society. To agree on the need for full integration is politically important, but it would be difficult to measure progress in achieving such an objective. Output targets are concrete.

Fourth, they are direct. The Millennium Development Goals are not growth targets, chosen in the expectation that by meeting them less people would stay poor. Apparently the time that world leaders thought that poverty could be reduced with the help of trickle-down mechanisms is behind us. They seem to have decided in favour of direct poverty reduction rather indirect measures like safety nets intended to compensate the poor for the negative effects of growth. The aim is poverty reduction, whatever the level and character of growth. Adopting the MDGs implies that the nature and composition of economic growth should be subordinate to growth itself, rather than the other way round.

Fifth, they are precise and quantified. Not vague, not 'less' poverty. Not qualitative, such as to change and reverse the trend, or to further improve the lot of the poor. The MDGs are very precise: halving percentages in 15 years. Performance against such goals is measurable and accountable.

Sixth, they are ambitious. Some might ask: what about the other half, the remaining 50% poor? They might claim that the goals are not ambitious enough. However, the world has never seen poverty halved in the relatively brief period of fifteen years. Individual countries may have been rather successful in this respect – China is a case in point – but never the world as a whole. So, it is an ambitious goal. But not over-ambitious. It will require intensive concerted action at all levels, by all policy-makers and actors. It will require structural change in priorities, investment allocations and resource use patterns. But it is doable. To my knowledge there are no ecological, physical, technical or other autonomous reasons why it would be inherently impossible

to halve poverty rates within a reasonable period. There may be economic or political reasons, but that is always a matter of choice.

Well, the choice has finally been made, inspired by ambition and reason. Or so it seems. Of course, efforts cannot halt once these goals are reached. The other half of the world's poor cannot be neglected. Moreover, care should be taken that policies aimed at meeting the target do not make things worse for the other half. In principle, it is possible to choose different paths: halving poverty while simultaneously stimulating poverty reduction for the other 50%, or doing so at the expense of better prospects for those others. That again is a political choice. The first option may be the more difficult of the two. Choosing that path would make the target even more ambitious. Not doing so would run the risk of frustration among those whose prospects become more sombre. So, a higher ambition would be justified by considerations of equity as well as by the political necessity to enhance the cohesion in society.

Finally, the MDGs represent a Political Target with a capital P and a capital T, not just another promise like all those made earlier but easily forgotten. Here we have a set of goals agreed and pledged at the highest possible level. The decision to adopt them was well prepared and well thought through. The goals were chosen consciously, in the awareness of the needs of the poor and of alternative options. All sorts of alternatives (input targets, indirect approaches) had been tried out in the course of the twentieth century. But they had not worked well and had not delivered the hoped-for result. That is why, at the turn of the millennium, world leaders chose a radically different approach. They must have felt: it is now or never.

Is this a too rosy interpretation? Did political leaders really mean all this and did they realise that they were making a U-turn? Were they aware that expectations would grow as a result? Did they understand that from now on they will be accountable and that, if expectations – which can be measured in precise terms – are not met, poor people

might see this as a betrayal? After all, political leaders had a second chance, when they came together in Johannesburg. But they did not take the opportunity to come back on the promises and commitments made at the Millennium Assembly, they did not dilute the targets or impose conditions on them. They reconfirmed and even expanded them.

Cynical analysts may come to a different conclusion and argue that in politics agreed goals and explicit promises have little significance. It is true: politics is a matter of power and interests. That is why, in the implementation of political decisions, practical reality so often differs from theoretical models. But I hope to have made clear that the decision to adopt the Millennium Development Goals was not made arbitrarily, incidentally or by accident. Those who, as world leaders, had the power to take decisions must have come to the conclusion that it was in their nations' interest to take this course and that the alternative options were inferior. Then they must also have understood that non-implementation of the goals would have a counterproductive effect. It would resemble the broken promises and unmet targets of the past and lead to even more frustration, resulting in a threat to the stability and well-being of their nations.

So, let us assume that the MDGs represent a serious political commitment. Why then are references to them so often followed by qualifications that they are unlikely to be met or – even more pessimistic – will definitely not be met? Is that a statement of fact, a general disclaimer expressing an attitude of resignation, another example of the prevailing distrust in political leaders or in politics as such, or is it a self-fulfilling prophecy? Is there any chance that global poverty will really be halved by 2015? Will we fail in the future because we failed in the past, for the same reasons?

Poverty

That failure has not been across the board. There has been progress. According to the most recent Human Development Report 2003, ‘the past 30 years saw dramatic improvements in the developing world. Life expectancy increased by eight years. Illiteracy was cut nearly in half, to 25%. And in East Asia the number of people surviving on less than \$1 a day was almost halved just in the 1990s.’ But the report continues: ‘Still, human development is proceeding too slowly. For many countries the 1990s were a decade of despair.’ [UNDP, 2003, 2] More than fifty countries are poorer now than in 1990. In over 20 countries a larger proportion of people are going hungry. In quite a few countries child mortality is increasing, life expectancy is falling, and school enrolments are shrinking. The authors of the report do not hesitate to speak of a ‘development crisis’ and of ‘reversals in survival ... previously rare’. [UNDP, 2003, 2] In more than twenty countries the Human Development Index declined, an alarming phenomenon because – as the authors point out – the capabilities captured by the index are not easily lost.

This means three things. First: in some places there has been progress. Development has worked. Second: in others, there has been regress. In those countries, either development policies have not worked, the countries have not been affected by international economic growth, or they have been affected, but differently: as victims of progress elsewhere, as ‘collateral damage’. Third: global inequality has increased. Fourth: in regions experiencing regress this could mean that people fall below any decent level of living, slip through any safety net, lose any capacity to catch up later, lose their dignity as human beings. Indeed, that would be a crisis, a crisis in development, a crisis in societies. In so far as it would be due to the inherently dualistic character of the global economy, whereby large parts of the world’s population are condemned to poverty and despair, it would also be a crisis in world society.¹

Is this too gloomy? According to the World Bank, less than 1.2 billion people now live on \$1 or less a day, compared to 1.3 billion a decade ago. [WORLD BANK, 2002a]². Is that a reason for optimism? Yes and no. Yes, because it shows that high economic growth can lead to less poverty: the fall in the poverty figure was largely due to developments in China, where annual economic growth was 9% in the 1990s, lifting 150 million people out of poverty. No, because excluding China the overall figure increased, from somewhat more than 900 million to about 950 million people. That is a relative decrease, from less than 30% of the population of the developing countries as a whole to less than a quarter. Is that progress? It depends. In Sub-Saharan Africa the figure increased substantially, by 30% in only a decade. In South Asia it is still around half a billion people. That is disappointingly high, four decades after the beginning of coordinated national and international strategies for growth, development and poverty reduction.

In many parts of the world poverty is high and increasing, despite the fact that the 1990s saw the highest annual world average growth figures since the end of the Second World War and decolonisation. Clearly the vast accumulations of income and wealth have not been used for sustainable poverty reduction. During the last decade of the previous century an alarmingly high number of people suffered from worsening living conditions, notwithstanding political promises made at the beginning of that decade. In 1992 in Rio de Janeiro, at another global summit – the United Nations Conference on Environment and Development (UNCED) – world leaders came together to pledge adherence to a new development paradigm: sustainable development. Heads of State and Government, by adopting the new principles and policy programmes contained in Agenda 21, declared that in the future the world's resources would be utilised in such a way that people would be at the centre and that future generations would not be deprived of the same opportunities as present generations. [United Nations, 1992] Ten years later we can only conclude that the 'sus-

tainable development decade' of the nineties – the UN Fourth Development Decade – was less successful than the First Development Decade of the 1960s.

However, conventional wisdom is that poverty is on its way out, because the number of people on less than \$1 a day is decreasing. However, what is the significance of the \$1 a day criterion, which has found its way into the Millennium Development Goals? The authors of the Human Development Report do not take a position on this. They refer to critics who think that this yardstick 'reveals little about income poverty and its trends', but note that others call it 'rough but reasonable'. I belong to the second group in that I believe it is of course necessary to have some global yardstick. But the \$1 a day yardstick is rough beyond reason. Why not, say, one and a half or two dollars a day? Are people who no longer figure in the poverty statistics, because they now earn one dollar a day, out of poverty for good?

As questionable as estimates of the poverty line itself are estimates of the number of people living on or below it. What about the people who did not even reach this level because they died, due to poverty, shortly after birth or at least far below the average life expectancy level enjoyed by others? Their numbers do not even reach the income statistics. Nor did they in the past, which means that these statistics alone cannot shed light on historical comparisons of income poverty. At present, annual poverty-related deaths run into dozens of millions. Such a figure would add substantially to an annual stock figure of poor people at any particular moment of time. One sign of progress is that, since the 1960s, maternal death and infant and child mortality – strong indicators of poverty – have decreased and that life expectancy has increased. But this is by no means true everywhere and the trend seems to be turning again: AIDS kills poor people in particular. In some countries, previously rising life expectancies have been reversed – sometimes by as much as a third – and have dropped back to pre-1980 levels. At present, children in southern Africa can expect to live shorter lives than their grandparents. [United Nations, 2002c, 8]

What is the significance of the concept of income poverty anyway? Poverty cannot be captured in terms of money and income alone. If poverty is seen as a lack of opportunity to acquire lasting control of resources in order to strengthen one's capacity to acquire the basic necessities of life – water, energy, food, a safe place to eat, rest, sleep, wash, have sex and go to school, basic health services and medicine in case of illness, a job enabling all this or the income to acquire it by means of exchange, access to economic markets and social networks, knowledge to survive in this world, information and education to acquire more knowledge and to gain the necessary insights to cope with disasters, threats, violence and challenges and, when that is beyond the capacity of the individual, some protection – all that requires more than money, more than an income. It requires assets or entitlements, the value of which cannot be easily estimated in money terms. In other words: rights that ensure access to all these things.³ Rights that certainly cannot be acquired for \$1 a day.

Income poverty is only an indirect indicator of human poverty.⁴ Other indicators reveal that there is more stagnation in the battle against poverty than we would expect than by looking at the \$1 a day yardstick only. Some examples: every day 800 million people go hungry. During the last decade the number of hungry people fell in China, but it increased in 25 other countries. [UNDP, 2003, 88] One out of every six children of primary school age in developing countries does not attend school, and only half of those who do start primary school finish it. Close to 900 million adults cannot read or write, one out of four adults in the developing world. [UNDP, 2003, 92] In Sub-Saharan Africa one in every hundred live births results in the mother's death. In many countries the already high maternal mortality figures are on the rise. HIV/AIDS, tuberculosis and malaria are killing more people than a decade ago. [UNDP, 2003, 97] More than 1.2 billion people do not have access to safe drinking water, while 2.4 billion people do not have adequate sanitation services. [United Nations, 2002b, 7] In the words of one of the participants at this year's World Water Forum in

Kyoto: more than one third of the world's population does not have a place to shit. In more formal terminology: they defecate in open areas or use unsanitary bucket latrines. The consequences? Diarrhoea is the world's greatest killer of children and half of the world's hospital beds are occupied by patients suffering from easily preventable water-borne diseases. [United Nations, 2002b, 7]

One of these indicators has been labelled in the Human Development Report a 'shameful failure of development'. [UNDP, 2003, 97] In fact all of them are. The world as a whole has never been as rich as it is today. In the past fifteen years globalisation has accelerated without precedent. The opportunities offered by money, capital, technology and communication to enable more and more people to benefit from progress are without precedent. But these opportunities have not been used to correct this shameful failure of the past and bridge the gap between those who benefit from modernity and those without entitlements enabling them to break out of the vicious circle of malnutrition, disease, illiteracy and poverty. On the contrary: if present trends regarding the nature of globalisation continue – and there are no indications to the contrary – progress and modernity will not bridge that gap, but widen it further.

Unlike Reddy and Pogge in their recent 'How Not To Count The Poor' [Reddy and Pogge, 2003] I do not criticise the usual poverty yardstick because of measurement difficulties. Statistical methods of measuring income levels and comparing them between countries and over time can be criticised, but there is no reason to suspect that they have been used to influence political decisions. My criticism of the \$1 a day yardstick is not so much statistical or conceptual as political. The figures and statistics concerned have been published and quoted so often that politicians, policymakers, public opinion and world leaders have been led to believe that the trend was in the right direction. However, there is a large difference between theory and practice, between the statistics showing a decrease in the number of people below the poverty line and the realities of misery. That reality has

been put out of sight. During the 1990s the degree and extent of world poverty were played down and political leaders were lulled to sleep.⁵ Were they fooled, or were they fooling themselves by not asking the obvious question: what kind of life can you live on \$1 a day anywhere, in Africa, Asia, in the cities of Latin America, or even in China? Has that question not been raised because of the fear that a more ambitious goal, affecting more poor people, could never be attained without far-reaching changes in the distribution of world income and entitlements, while the \$1 level would only require better governance in the poor countries themselves and a slight increase in development aid?⁶ The blame for not meeting a \$1 a day target level could easily be apportioned to the poor countries themselves, while failing to reach a more civilised goal could be attributable to the richer countries and their reluctance to share with the poor.

Though in terms of macro world statistics – that is, in theory – fewer people now live below a poverty line which has been selected on political grounds, in practice poverty has increased in many regions of the world and also in many countries where there has been improvement in macro terms. That can only imply that inequalities have widened. And indeed, that is what has happened: inequality across the world increased during the last part of the previous century, between as well as within nations. The distribution of income among the people of the world, regardless of national borders, has become more unequal. Nowadays incomes are distributed more unequally among the global population than in the most unequal countries. [UNDP, 2003, 39]⁷ Since the First Development Decade inequality has only increased: while in 1960 the top 20% received 30 times the income of the poorest 20%, at the turn of the millennium this inequality had widened to more than 70 to 1.⁸ In a recent address to this Institute, UNCTAD Secretary-General Rubens Ricuperro, quoting a paper by Baker and Nordin [Baker and Nordin, 1999], foresaw a global quintile disparity of even 150 to 1 ‘... fraught with risks for rich and poor alike.’ [Ricuperro, 1999, 6/10]

This is nothing new for an ISS audience. Since Graham Pyatt's address on 'Poverty against the Poor', Ricupero, Sandro Sideri, Bas de Gaay Fortman, Hans Opschoor, Mansoob Murshed, Rob Vos and others have highlighted the economic, social, environmental and legal dimensions of the relation between dire poverty and worsening income distribution. [Pyatt, 1999] [Ricupero, 1999] [de Gaay Fortman, 2002] [Opschoor, 2003] [Murshed, 2003] [Vos, 2003] The message has been clearly heard in this hall. Why am I adding my voice? Because there is such a difference between the irrefutable facts about poverty and inequality and the political answers.

'Poverty: declining, but still a challenge'. That has been the general message during the last decade, explicitly repeated in the most recent World Development Report from the World Bank. [World Bank, 2003b, 2] The political meaning of such a message is: we are moving in the right direction and we should continue to do so, albeit somewhat faster. However, the direction is wrong. Since 1990 the trend has been negative. The authors of the Human Development Report say this in no uncertain terms: 'What is most striking is the extent of the stagnation and reversals – not seen in previous decades. ... (T)he 1990s saw unprecedented stagnation and deterioration. ... Per capita incomes fell in 54 countries ... Hunger increased in 21 countries ... Child mortality rates increased ... in a way not seen in previous decades ...' [UNDP, 2003, 40/44]

Politics: gaining new insights or ignoring them?

Do we need new analyses or new policies? There has never been a shortage of new theories, nor of efforts to translate these into new policies, though – partly because of analytical disputes – not always coherently. However, there was also no shortage of calculated ignorance either.

Early development theories based on the assumption that economic growth was not only a necessary precondition for poverty eradication, but also a sufficient one and that this growth would trickle down, found a counterpart in theories on the dualistic character of societies and economies in development. Moreover, there are various limits to growth. We also learned that growth itself can lead to impoverishment through exploitation and the cultivation of dependence.

Consequently, in the 1970s, policies to strengthen the economic growth and self-reliance of developing countries were complemented by policies to fulfil the basic human needs of the poor in these countries. These were short-lived. New insights into the significance of domestic macroeconomic policies affecting the conditions for growth – strong and open markets, free entrepreneurship and competition, stable financial and monetary relations – together with the world economic recession at the turn of the decade, gave free rein to adjustment policies. It was believed that these should precede development policies, including the reduction of poverty. Adjustment policies implied cuts in public expenditure to meet basic human needs, for instance health and education, and also withdrawal from programmes in the areas of food, agriculture and rural development. It resulted in a disinvestment in the capacities of a society to provide a floor to poverty. After a while safety nets were introduced to avoid a worsening of poverty due to adjustment itself, but these only functioned as stop-gap measures. And while originally adjustment-cum-safety nets had been seen as transitional, soon a new mantra was introduced as a structural pre-condition for development: good governance. The Washington consensus about good governance made adjustment a lasting feature of development, which was bound to result in a stagnation of poverty reduction.

The reason was political. The Washington consensus was aiming at stability and high growth, accepting increases in inequality, assuming that the positive effects of the former would outweigh the negative consequences of the latter. To decide on the optimum pattern of

adjustment was a specific aspect of the general political task to find the optimum combination of growth, inequality and poverty reduction. This is the most difficult task facing political leaders, in all countries and at all times. Even if increased inequality and higher poverty are meant to be only transitory, in order to enhance the capacity to grow and thus the future potential to redistribute and to redress poverty, the institutional consequences of the Washington consensus imply a political bias towards a permanent postponement of poverty reduction.

That is the reason why so-called pro-poor growth policies never had a chance on any reasonable scale.⁹ Not because it is difficult to determine a theoretical optimum: these optima will differ in time and between countries, because of the specific social and economic structures, their institutional capacities, their starting position and their resource endowment. But a choice can be made, depending on the political priorities attached to people's basic needs. Pro-poor growth policies did not get off the ground because of different opinions on these priorities. Those who have the power to decide that now the time has come to give priority to poverty reduction and redistribution will always be tempted to further postpone that decision and to further prioritise growth, under the pretext that this will increase the potential even further. And so on and so on. The political class that has the power to decide does not have an interest in changing priorities. On the contrary.....

So, I agree with de Gaay Fortman: 'to discuss growth and poverty, while missing out on (re)distribution does not seem to be very meaningful.' [De Gaay Fortman, 2003, 152] Stressing distribution as crucial implies the recognition that poverty is basically a political concept rather than a pure economic or, in the de Gaay Fortman's terminology, a 'productivist' concept.¹⁰ [De Gaay Fortman, 2002, 2003] That requires a deliberate choice: to give a voice to the poor and to enhance people's participation in policy-making. But it goes further than that. Seeing poverty as a political category implies a readiness to

endorse empowerment of the poor, to redistribute before growth, to ensure a fair allocation of entitlements and actual command of the poor over resources. All this is easier said than done, because behind it lies the question of power.

In the 1990s the formulation of the rights approach to development contributed to the understanding that unequal power distributions can be counteracted with the help of law and institutions, based on a growing international consensus on basic values. At UNCED Heads of State and Government embedded the right to development in the Rio Declaration as one of the Principles underlying international policy-making aimed at sustainable development in the new century. In the Netherlands, Bas de Gaay Fortman, Hans Opschoor and Nico Schrijver, all linked to ISS, helped a lot to further develop the various rights concepts. [De Gaay Fortman, 2002, 2003] [Opschoor, 2002, 2003] [Schrijver, 2001, 2003] By the end of the decade, the rights approach to poverty had become a guideline in authoritative international documents.¹¹

So, further analysis of poverty as a phenomenon, the processes involved and the underlying forces and mechanisms, has deepened our insights. These have found their way into new and better policies to combat poverty. But not all lessons that could have been learned have been put into practice. More and stronger safety nets have been built, more sophisticated adjustment policies construed, and more emphasis laid on governance, institutions and capacity building. But the most important lesson was not put into practice: start with the distribution of assets and make it more equal. Efforts were made, but these remained an exception, at local level only.¹² At global level, there was no effort whatsoever.

Aid and cooperation

The only instrument at global level was development aid. Some, like Jan Tinbergen, advocated development assistance as a means to redistribute world income [Tinbergen, 1965, 1990] Others, like Hollis Chenery [Chenery, 1967, 1973] saw aid as a means to stimulate economic growth in developing countries beyond what would be possible through domestic resources only. But, as documented for instance by Goran Ohlin [Ohlin, 1966], there were also political motives. The end of World War II and the winding up of colonisation had ushered in a new era of globalisation. The old powers were willing to use international technical and financial assistance as an instrument to control the new situation. In 1961 the combination of such motives led to the consensus decision in the General Assembly of the United Nations to adopt a Strategy for the First Development Decade, 1961-1970. This Strategy made self-sustaining economic growth (per capita) the overriding objective for the Third World, following the more or less successful outcome of the struggle for liberation and independence after decolonisation. The rationale of the Strategy strongly resembles that of the Millennium Declaration. Listen to the then Secretary-General of the United Nations, U Thant, Kofi Annan's predecessor: 'It is an extraordinary fact that at a time when affluence is beginning to be the condition ... of whole countries and regions rather than of a few favoured individuals, and when scientific feats are becoming possible which beggar mankind's wildest dreams of the past, more people are suffering from hunger and want than ever before. Such a situation is intolerable and so contrary to the best interests of all nations that it should arouse determination, on the part of advanced and developing countries alike, to bring it to an end.' These words could have been written in the year 2000.

The objective of the Strategy was to enable developing countries to achieve an annual growth rate of at least 5%.by 1970 and to sustain it thereafter. It was thought that, if the population of the developing countries continued to rise at a rate of 2.5 %, this could result in a

doubling of personal living standards within twenty-five to thirty years. To this end the richer countries would make available 1% of their national income in the form of development assistance. [United Nations, 1962]¹³ These objectives were the first predecessors of the Millennium Development Goals.

Others would follow. The aid targets were not met and no international agreement could be reached on a more ambitious growth target and more intensive cooperation in the Second Development Decade.¹⁴ Political interest shifted towards direct rather than indirect ways to combat poverty and to sectoral rather than global approaches and targets. Many of these targets had the end of the millennium as the deadline: the removal of hunger and malnutrition (Rome, 1974), 'Health-for-All' (Alma Ata, 1976), safe drinking water for all people (Mar del Plata, 1977), increasing the share of developing countries in global industry to 25% (Lima, 1975), universal access to basic education (Jomtien, 1990). All these targets were set at high political level. Nearly all are based on rights laid down in the International Covenant on Economic, Social and Cultural Rights, which entered into force in 1976. [United Nations, 1966] None have been accomplished.¹⁵

All the targets were directly related to poverty. This also applied to the target concerning manufacturing, given the importance of manufacturing for employment. Creating employment was seen as a direct and effective road towards poverty eradication. A World Employment Programme was designed, under the leadership of Louis Emmerij. It was a new and unique approach to combat poverty, not through high economic growth, but aiming directly at the fulfilment of basic human needs.

What followed is well known. Both new approaches – basic human needs and the sectoral world programmes – received a severe blow in the eighties due to the world recession. Developing countries were affected by a decline in world trade and by mounting debts. But they received an even stronger blow as a result of adjustment policies

imposed upon them and a refusal by Northern countries to lift trade restrictions, relieve debts and stabilise commodity prices. The overall global approach to development and poverty reduction that had started with the First Development Decade had died out. International measures to sustain development were made conditional on developing countries accepting adjustment programmes, opening their markets, liberalising their economies and reducing budgetary deficits and government expenditure. Far from being a Third Development Decade, the eighties had become a decade of adjustment to new realities set by the North, or, in the words of Gamani Corea, a 'lost decade' for development. Many concluded that it was a lost decade for poverty reduction too. Adjustment policies often implied more unemployment and disinvestments in education, health and other social sectors, which were increasingly left to the market.

Then the world entered a new phase in the post-1945 globalisation process. The first had started with the end of the World Wars and the end of colonisation. The second started with the end of the Cold War. Global political relations drastically changed with the end of the Cold War in 1989. A new élan emerged for global cooperation and new paradigms became prominent: 'a new world order' (Bush), 'sustainable development (Rio), 'peace and development' (Boutros Ghali). Wild-west adjustment was replaced by less harsh programmes. Together this created room for the implementation of a World Agenda 21 for sustainable development, poverty eradication and environmental protection.

However, the new optimism soon faded away. In two public addresses to this Institute, in 1992 and 1997, I tried to explain why the 1990s would not herald the beginning of an era with a new perspective for people in developing countries, as originally had been expected. [Pronk, 1997, 2000] In my view the main reason was that the capacity of the international community to implement a new political agenda would be eroded by that same agenda. The nineties would see more and more conflicts within countries, due to economic inequalities and

cultural differences between religious, ethnic and other identity groupings. In the nineties, transnational forces would also threaten the economic, social and environmental sustainability of national societies. These forces and domestic conflicts would undermine democratic public authority, within nation-states as well as globally. I foresaw that at best the nineties would be a decade of transition. Whether this would be a transition towards sustainable development in all respects would depend on whether it would be possible to design and implement an alternative to a lop-sided globalisation process, mainly of an economic character, carried by market considerations only. In these addresses, I sketched the elements of such an alternative, a developmental approach to globalisation. It would be up to democratic public forces to embark on such a course, but it would be a hell of a job, because it was exactly these public democratic forces that would be compromised by globalisation.

In Rio itself it had already become clear how ill-prepared public authorities were for such a task. It was not possible to reach a meaningful consensus on finance for sustainable development. I am certain that the negotiators already knew for certain in 1972 that, with or without the USA, the 0.7% aid target would never be met. Some individual countries would be able to make achieving and keeping the ODA target a political issue, but there were no political indications whatsoever that the others would even come close. From 1972 to 1992 all negotiations on commitments had been only for show. Did that change in Rio? Far from it. For weeks, discussions on finance were an exercise in futility. Should countries which had not yet achieved the target agree 'to continue their efforts to achieve this level as soon as possible'? Or 'by the year 2000'? Or 'by the year 2000 or as soon as possible thereafter'? Or 'by the year 2000 or as soon as possible thereafter, taking into account the position of individual countries, while maintaining their commitment to Agenda 21', whatever that might be? It was not possible to reach agreement on any of these options. So, it was finally decided that each individual country would be free to choose from this menu, whereby one even weaker

option was added: some countries would only ‘make their best efforts to increase their development assistance’.

In 1992 the 0.7 % target was carted off and buried. After that, aid performance actually declined, despite the common observation made in Rio that sustainable development and poverty reduction would require a substantial increase in resources. These were not made available, or only on the condition that developing countries themselves would change their governance regime as prescribed by the international institutions. Especially for the poorest countries, for countries most in debt, countries without adequate access to commercial lending or to foreign trade, countries suffering from violent internal conflict and countries trying to rebuild their society after dictatorship or war, this meant that they were led into a blind alley. Together these five categories of countries were not an exception, but a development rule.

After Rio, aid flows stagnated. Throughout the decade, failure to raise funds paralysed many international talks on global problems, from debt relief to climate change, biodiversity protection, land degradation, peacekeeping, refugee assistance and the fight against AIDS. A promise ‘to reverse the trend’, made during the ‘UNCED plus five’ review in 1997 met with great suspicion and could not save negotiations on how to implement the global sustainable development agenda agreed in Rio. Moreover, in the nineties, international talks on trade, capital movements or knowledge-sharing mainly benefited the interests of the North. There were no steps forward whatsoever to enlarge the capacity of developing countries to combat poverty with domestic means. Their utilisation was often curtailed by the demands set by an open economy, the liberalisation of markets and the privatisation of potentially public mandates.

In the meantime two efforts were made to rectify this. Both aimed not so much at an increase in resources as at reallocation and at coherence with social and economic policies in general. In 1995 poverty was put

on the agenda of the Social Summit in Copenhagen. It resulted, among other things, in the 20/20 initiative. This called for developing countries to increase expenditure on basic social services from the then current average of about 13% of their national budgets to 20%. In return, donor countries would increase their aid allocations to basic social services to 20% of their total aid budget. The initiative implied that any developing country reaching this target would have its expenditure matched by aid from the donor countries.

The second initiative was a statement by development ministers in the framework of the OECD Development Assistance Committee proposing ‘a global development partnership through which we can achieve together the following ambitious but realisable goal: A reduction by one half in the proportion of people living in extreme poverty by 2015’ [OECD, 1996, 2] It was the first time that this goal, together with a number of sub-targets, had been mentioned. The background of the proposal was the explicit recognition by the ministers, during the negotiations on the text, that the 0.7% target no longer had a political future. The United States would never agree to such a target, while several other countries would never achieve it. They realised that ongoing pressure on the US to change its stance would be fruitless, but they did not want to let them off the hook. Rather than make developing countries believe or hope that this situation would ever be different, an alternative was chosen: an output target – poverty reduction – instead of an input target – aid volume – together with a firm commitment to get the job done. It was not meant to be a way out, but a new path, directly leading towards the realisation of an appealing objective. The new poverty reduction target was also meant to be acceptable to the US, which could help to achieve it with other means than just aid, in particular employment-creating trade measures. The message to the developing countries was: there is money for good programmes to combat poverty. Good programmes will be supported with resources and with coherent international economic policies. That was not an expectation, not an expression of belief in the workings of financial systems, but a political commitment.

By unilaterally changing the nature of their commitments to the South, on their own initiative, after forty years of multilateral talks on the 0.7%, politicians representing the North made themselves more responsible. Without a serious effort to meet the new objective, the initiative would soon be branded as hypocrisy. By agreeing that this originally unilateral initiative should become part of the multilateral Millennium Declaration, the leaders of developing countries declared their commitment to poverty reduction and demonstrated their trust in the commitment from their partners in the North. This once more implied that, politically, there was no way back.

Are we on track?

The Millennium Development Goals are not just another set of goals. They are different. The MDGs are not the next step, but a final step. At the turn of the millennium, world leaders at the highest political level, looking back on decades full of negotiations, policies and targets at fault, declared that from now on the eradication of poverty shall have first and foremost priority, within all countries and worldwide. Any other interpretation of the Declaration would be disputable. In the year 2015, no responsible political leader would be entitled to say, once more: ‘the goals may not have been reached, but progress has been made and they have helped to keep us alert and the issue alive’.

Heads of State and Government have made the MDGs the responsibility of all countries, all national departments and all international agencies, by making them the centrepiece of the Millennium Declaration. There is no higher or broader forum than a summit. The Declaration is not a legally binding document, but the highest political commitment possible, not made in passing, but with all eyes open.

The MDGs are achievable. It has been said so in many terms, by all political leaders concerned, fully aware of both the challenge and the

obstacles. Will they be achieved? The first signs are not positive. The goals were set at a political summit in the year 2000. At the Johannesburg Summit in 2002, where decisions ought to have been taken on the implementation machinery, the same political leaders were unable to take any steps further than reconfirming their earlier commitments. No decisions were made concerning the instruments necessary to realise the goals, nor on who should do what, nor on an effective review and feedback mechanism. Since then not much progress has been made.

Let me express some of my concerns.¹⁶

First, there is no road map. There is much talk of a 'Development Compact', but as yet it does not exist. All references to such a compact in international documents are phrased in terms of 'ought to be' and 'should be'. That is wishful thinking. There is no such a thing as a Development Compact, with freshly agreed language on how to focus international trade, finance and technology policy on the implementation of the Millennium Development Goals rather than the traditional objectives of the previous decades. The recent Human Development Report devoted to the MDGs is full of questions and recommendations, but has no agreed answers. It is a state of the art document laying out what policies, according to present insights and on the basis of lessons learned, could or should be pursued in trade, debt, industry, science and technology, education, health, water, agriculture, food and nutrition, energy and other resources, the environment and ecosystems, but it cannot point to any new agreement in these fields. It rightly points out that there is a need for country ownership, driven not only by governments but by many actors (local governments, communities, and civil society groups), and a need for a comprehensive approach, bottom up and participatory, worded in 'correct' development language: gender, empowerment, accountability, partnership, social mobilisation, a cautious approach towards both privatisation and decentralisation.¹⁷ But all these references together

are not a strategy, only proposals, a Millennium Development Compact ‘proposed’. [UNDP, 2003, 15]

Second, the MDGs are still seen too much as belonging to the traditional field of development policy. It is customary to see development goals as a specific responsibility of developing countries, and the specific governmental departments within these countries, together with the corresponding UN agencies, rather than as a global common responsibility that also includes the Northern countries and international institutions like WTO and IMF. After all, Heads of State and Government committed themselves to deal with global – that is worldwide – poverty, wherever and with all means, attacking all possible causes, not restricting themselves to foreign aid, but undertaking also to remove national and international constraints: protectionism, monopolistic and discriminatory practices, and other external obstacles for developing countries to attack poverty within their borders. Maintaining such obstacles would make foreign assistance a form of compensation for being kept at a distance, rather than a net investment in poverty reduction. So far, however, the agenda for the Doha Round on international trade has not been changed in the light of the commitment to meet the MDGs. Poverty was not on the agenda in Cancun, earlier this year.

Nor are the Millennium Development Goals a key subject on the agenda of the International Financial Institutions.¹⁸ Debt rescheduling should focus on poverty alleviation. However, despite the summit agreements, neither the proceedings of the Paris Club nor the debt rescheduling programme for the Highly Indebted Poor Countries (HIPC) have been redesigned. There can be no debt sustainability without social sustainability. Debt and poverty are related. Debt reduction and poverty reduction ought to be related as well, by making adequate finance available for both, in an integrated policy. The Poverty Reduction Strategy Papers (PRSPs), introduced by the World Bank and serving as the basis for aid allocations from most donor countries, could be the basis of such an integrated approach.

However, the concept and procedures of the PRSPs have not yet been systematically reorganised either. The World Bank assumes current budgetary levels and foreign resource levels as given, rather than making the agreed 50% cut in poverty by 2015 the key objective of its strategy. Instead of one integrated approach to poverty reduction we now have competing schemes and pathetic efforts to coordinate. [UNDP, 2003, 20-22, 149] All this illustrates that the Millennium Development Goals still are not the once and for all objectives of the countries and the institutions that have the power to decide.

Third: there is no focus. At the Johannesburg Summit, the Secretary General of the United Nations proposed focusing action on five sectors: water, energy, health, agriculture and biodiversity (*WEHAB*) and giving priority to policies in these sectors which contribute to poverty reduction. It was an attractive proposal, because sustainable development in these sectors is a precondition for lasting poverty reduction. However, no agreement could be reached on attaching less priority to other sectors. In principle a comprehensive and simultaneous approach in all sectors would be better than a selective approach. However, if you want to cover everything, you may end up doing nothing. If an overall approach overburdened implementation capacity, it would paralyse action, as now seems to be the case.

Fourth: there still is a shortage of finance. There is no agreement on the costs of implementation. Estimates have been made for the goals on health and water. A group led by Jeffrey Sachs has calculated that meeting the goals on health would require additional foreign aid of \$30 billion annually. [Sachs, 2001] In policy terms this is a step forward compared with another WHO report on global health tasks published five years earlier, which – after stating the need to set new priorities based on the conviction that health is a human right – concluded: ‘Once this conviction is established, society itself will bring new light to bear on resource issues ...’. [WHO, 1997, 38]¹⁹ For drinking water a commission chaired by Michel Camdessus has calculated that the realisation of the target would require \$180 billion

annually, but this is considered a gross exaggeration by the World Water and Sanitation Collaborative Council, which has presented an annual figure of \$30 billion. [United Nations, 2002b, 16] [WSSCC, 2002, 8] It is unclear which parts of these figures would have to be additional to current expenditure. The UN concludes that ‘further work is required to have a more accurate and better understanding of the global financial requirements to meet the ...MDGs’ [United Nations, 2002b, 16] That is obvious, but it would have been helpful if that work had been carried out before the goal was set. However, for the other Millennium Development Goals there are no separate cost estimates. Needless to say, none of the MDGs have a financial plan. Nor is there a financial plan to implement the Millennium Strategy as a whole. There are some rough estimates of the additional external assistance required to meet global objectives. They range from \$40 to \$100 billion a year. One of these is the figure of \$50 billion mentioned by a UN commission led by former Mexican President Zedillo. [United Nations, 2001] This latter figure – which was a starting point for the World Summit on Finance and Development in Monterrey, Mexico, in 2002 – is called ‘conservative’ by the authors of the Human Development Report [UNDP, 2003, 346]. That is understandable in the light of the figures for health and water only.²⁰ However, even this conservative estimate did not persuade the donors and the International Financial Institutions to agree on a common finance strategy. The new aid commitments presented in Monterrey by the USA and the European Union were explicitly not intended to help finance a Johannesburg Plan of Action to implement the Millennium Development Goals.

Fifth: foreign aid is missing the mark. Since the Washington consensus became the guideline for aid allocations there is so much emphasis on good governance in developing countries as a precondition for receiving aid, that the assistance itself can no longer help improve the situation within these countries. Rather than aid being used as a catalyst, helping to bring about better policies and better governance, the

countries themselves are expected to make such improvements before receiving any aid. Quite a few countries are not in a position to help themselves, for reasons which I mentioned earlier. They are then deprived of foreign aid. Countries that are able to improve policies and governance to the liking of donors receive aid as a reward. For them this aid is either no longer necessary, because good governance can be rewarded by the market, or it comes too late. In all three situations, as far as poverty reduction is concerned, present-day donor preferences for so-called performance-driven aid allocations are overshooting the mark. [Pronk, 2001 and 2003a]

Sixth: poverty reduction will increasingly become more urgent and difficult because of the critical trends in the ecological and physical environment. The loss in global biodiversity, the change in the global climate, the increasing scarcity of basic resources such as water and energy and distortions of the ecosystems are no new phenomena. However, recent studies seem to indicate that these changes are now moving faster and are having a greater impact than in the past. The poorest people are the first victims: they live in the most vulnerable places, with less productive soils, in arid regions, polluted slums, eroded hill slopes and flood-prone coastal areas and river plains. They are the least protected against environmental crime and the whims of nature. Poverty due to deterioration of the global environment is on the rise. Poverty due to conflicts about increasingly scarce resources will increase as well. While in international fora, environmental risks seem to have lost the competition for attention against security risks. This imposes a heavy mortgage on the attainment of the poverty goals.

I am not concerned that the emphasis on the quantitative character of the MDGs would jeopardise their quality. The goals can not be attained without community action at local level. Quality should be defined in terms of priorities and objectives set by people rather than authorities. Meeting the MDGs requires recognition of the desires, aspirations and initiatives of poor people themselves and thus of local

processes. However, it is too late to say that the process is more important than the result. A recent editorial in the Dutch quality newspaper NRC Handelsblad criticised the MDGs as being too absolute. It made a plea to be realistic, to count the blessings of the past and, in the future, concentrate on what is feasible.²¹ The authors of the Human Development Report also warn against taking the goals ‘out of context and (seeing) them as ends in themselves rather than as benchmarks of progress towards a broader goal of eradicating human poverty’ [UNDP, 2003, 30] The MDGs indeed have a context: survival and a better quality of life, according to the wishes of the people themselves. Poverty has more dimensions than those related to the goals: food, health, water, knowledge and the resources to survive and secure a better life. But these dimensions cannot be traded against others. They are more than ends in themselves, they are ends in their own right. Too much emphasis on process may result in complacency amongst politicians, who tend to be quickly satisfied when they note that there is improvement; slow improvement, less than had been intended, but improvement nevertheless.

This tendency is manifest in the follow up to the summit meetings in New York and Johannesburg. Instead of putting implementation of Millennium Development Goals on the agenda of the regular international talks in key institutions such as WTO, IMF, the World Bank and the Multilateral Environmental Agreements, the emphasis is technocratic and thus a-political. Much thought is given to statistics, benchmarks, performance indicators, monitoring and reporting. However, keeping track of what is going on should not be confused with the action itself. Deliberating which indicators are best to judge whether progress has been made does not constitute action-oriented implementation. On the contrary, efforts to develop performance indicators can often prompt politicians to adopt a wait and see attitude, pending proposals from the bureaucracy, followed by lengthy disputes, and thereby postponing action.

For all these reasons, it is no surprise that we are far behind schedule. As was recently emphasised by Jan Vandemoortele, a UN official working in this field, the MDGs are ‘technically feasible and financially affordable. Yet, the world is off track to meeting them by 2015’. [Vandemoortele, 2003, 16] And the authors of the Human Development Report, while stating ‘(that) all countries can meaningfully achieve the Millennium Development Goals is beyond doubt’ present a timeline showing that in most regions most goals will not be achieved if progress does not accelerate. [UNDP, 2003, 50 and figure 2.1] That applies not only to Africa, as some might expect, but to Asia as well. [United Nations, 2003, table 1]. And a recent report of internal UN discussions starts with the alarming diagnosis: ‘We (the development community) are losing: a dramatic change of direction is needed to reach the MDGs.’²²

Such a dramatic change of direction requires political leadership. The implementation of the poverty targets should not be left to experts, bureaucrats and diplomats. It should be permanently on the political agenda, within countries and in the international system: the inter-governmental machinery and the relevant global institutions. In these bodies the discussion should not be limited to a review of the state of affairs. All political and institutional power available should be used to apply pressure on authorities and agencies not to shy away from the commitments made by Heads of State and Government, but to keep their promises. No second thoughts, as is so often the case in international fora, after the political leaders have spoken and left the scene. And those political leaders themselves have to live up to their commitments. Rather than being confident that the job will be done, they have to stay alert and active themselves. Also where commitments are still political, without yet having been enshrined in legally binding treaties with compliance regimes and sanctions and in institutions with enforcement regimes, there are still political possibilities to ensure implementation. But that requires the willingness to show political leadership. And to use a mandate not only to discipline gov-

ernance in poor countries, as has been IMF practice, but also the governance of the economically advanced. That this is possible has been shown by WTO and the European Commission. However, these powers should also be applied to combat poverty, not only to ensure stability and a level playing field.

It may look strange that, while poverty eradication basically requires a bottom-up approach, empowerment of the poor, community initiatives, participation of individuals, capacity building at the level of the household, the attainment of the Millennium Development and Poverty Goals should depend so much on political leadership, which always implies a certain top-down policy. Is that an anomaly? No, because there are community initiatives, social movements are alive, empowerment struggles are being fought, social mobilisation and emancipation are taking place. These do not have to be manufactured from above. They exist. But they are threatened by other forces: the strength of the not-poor and the middle class in a scramble for the fruits of globalisation. After all, poverty reduction is also a matter of redistribution and sharing. And that is where political leadership is required: to give room, living space, and a perspective to poor peoples trying to take their fate in their own hands and to secure a fair redistribution.

Globalisation

Earlier, I made a distinction between globalisation after 1945 and since 1989. Elsewhere I have described how modernisation and growth tended to pass by the poor during the first period. [Pronk, 1986] [Pronk 1987] [Pronk, 1997] [Pronk, 2000] They were neglected because economic growth did not need them: neither their labour nor their purchasing power. The emerging global economy had more or less the same pattern as the Western economies that enjoyed economic growth after the industrial revolution. In these countries poverty had been appalling and exploitation harsh. It took some time before

the new capitalists and the emerging middle class realised that further economic growth would not only depend on supply factors, but that a growing demand would be crucial and that that required higher incomes for hitherto poor labourers as well. This paved the way for a more a positive response to the claims set by the poor and their labour unions and social movements. It resulted in less exploitation, higher wages, better labour conditions, Keynesian economic policies and social welfare systems, based not only on notions of solidarity, but also on enlightened self-interest.

In the world economy it is no different. In the emerging world economic system the rich did not need the poor. After World War II, modernisation created its own demand. Poverty reduction was not necessary: low-cost labour was amply available and there was much purchasing power around, which could be tapped even if it was far away, because globalisation brought those who could afford to buy and pay closer. There was no compelling need to sustain demand by raising the incomes of the poor. The poor were dispensable and could be neglected. That is the picture of the second half of the twentieth century: poverty as the collateral damage of globalisation.

Clearly, this could not last. After a while the world economy would experience similar limitations to further growth as had earlier been the case at the national level. In the eighties this was foreseen by Willy Brandt and Gamani Corea. The Brandt reports bore the titles: 'North-South: A Programme for Survival' and 'Common Crisis'. [Brandt, 1980 and 1983] Corea did not tire of advocating world economic policies on the basis of mutual interests and interdependence. [Corea, 1985] The debt crisis became a burden for debtors and creditors. At the end of the decade, when adjustment policies had taken their toll everywhere, the moment of change seemed to come a little bit closer. Maybe the markets of the poor were needed for the recovery of world economic growth. The awareness grew that poverty reduction was not only socially desirable, but also an economic necessity.

But then there was the quantum leap of the early nineties. The fall of the Berlin Wall and the eclipse of frontiers between East and West, together with the breakthrough in information and communication technology, created an unrestricted world market. Neither geographical distance nor time constraints now stood in the way of the growth of economic opportunities. The sky was the limit. Low-cost labour was abundantly available and less and less sought after: technology was taking over. Boosting the purchasing demand of the poor was not necessary: there was abundant demand around in the emerging global middle class. Elsewhere I have described the consequences: poverty reduction was no longer seen as socially desirable, but as economically undesirable. [Pronk, 1994] In the eyes of the new global middle class, poverty reduction would only cost money without any benefits for the economy. In their economic calculations the poor became a cost factor. Poor people were not a potential asset to society, but a liability, a burden on the budget and on society as a whole. Efficiency required not poverty reduction, but cost reduction, the reduction of social costs in particular. The new global middle class was everywhere: people earning more than about two dollars a day, with access to markets, nearby and far away, access to modernity, the new technologies and the means of communication, access to public services as well, people in all countries, in North and South, East and West. This new global middle class was competing with the poor for resources and access. It still is. The middle class has access to the more fertile soils, the economically promising areas, the better facilities for water and energy, the better settlement areas, more secure, less vulnerable. The middle class has more access to scarce public services, for instance in the fields of education and health. It also has better access to political power, even in democratic political systems. It knows how to use this access to guarantee public funds for itself rather than to lift the poor out of their misery. In doing so, the new and emerging global middle class has deprived the poor of access to the global system itself. The poor were not only thought to be dispensable, but have also been disinherited. They were driven away from

scarce resources, and denied opportunities to strengthen their own capacities. Globalisation became occupation, or in the words of President M'beki of South Africa, addressing the Johannesburg Summit, 'Global Apartheid.' [Pronk, 2003b]

What did governments do? Mostly they were loyal to the new global middle class, modern, embracing the market everywhere, preaching the wonders of liberalisation, skimming the public sector where this felt like a straightjacket to the middle class. Governments skilfully facilitated globalisation by strengthening those institutions and treaties which would ensure a widely open free world market, unrestrained by considerations of social equity or ecological sustainability. International negotiations to that end succeeded. Other talks produced soft outcomes. Before 1989 globalisation had been a process. In the nineties it was made a project.

All this resulted in more inequalities. Present-day globalisation produces poverty and inequality. The continuation of poverty and inequality is no longer, like during the first period of post-1945 globalisation, collateral damage. It has become an intended result of policy-making: calculated default.

There are numerous examples.²³ A pregnant woman is 100 times more likely to die in pregnancy and childbirth in Sub-Saharan Africa than in an OECD country. The poorest 20% of the population, which have a greater chance of being affected by poverty-related diseases, receive less than the richest 20% of the benefits of public-health spending. The same is true for public spending on education and other basic human needs. The average land per capita of the rural poor is steadily declining (from less than 4 hectares in the seventies to less than half a hectare in the nineties) and the decline continues.

Poor people pay sky-high prices for life-saving medication, such as drugs to combat HIV/AIDS. Global middle class-oriented companies both block lower prices on the world market and resist domestic production of antiretroviral drugs in developing countries. Poor people in

slums pay up to ten times as much per cubic metre of drinking water as those connected to municipal supplies. They even pay much more, not only as part of their daily budget, but also in absolute terms, than the much richer consumers in the cities of the North.

All this means that the poor are poor and the gap is widening further because their assets decline and the public expenditure in their benefit is declining too, in some countries in absolute terms, in other relative to the position of the other classes. The better-off block reallocation of public budgets to redress this situation. And when governments want to make an effort 'it is next to impossible politically to shift funds to basic social services, without incurring the wrath of those better off.' [UNDP, 2003, 108]

So it is a matter of political power and distribution. In the second phase of post-1945 globalisation, poverty is no longer a side effect but an intended product of globalisation. Its continuation is seen as beneficial for the middle class, which will continue to resist change and redistribution. That is the basic reason why progress has turned into stagnation and regress since last decade. It is the main reason to be pessimistic about the possibility of achieving the Millennium Development Goals. Unless the dramatic change of direction which was called for really takes place. But, again, that would require a new political approach to globalisation. Not a process to be left to run its course, with some collateral damage to be taken care of on the way-side. Not a project which becomes an end itself, deliberately victimising those who stand in its way. But a project serving the political objective of cutting poverty by half, soon and then again and again, in a sustainable manner.

What will happen if we fail? I don't know. History provides no indication: the current phase of globalisation is completely new. Present-day fashionable scenario analyses of possible future developments never include the reactions of poor people as variables. So, we have

to look around and try to understand present signals. I venture the following postulation.

Poor people do not resort to violence for the very reason that they are poor. But poor people who experience exclusion, who see no perspective whatsoever and who feel treated as less than human beings, may become convinced that there will never be a place for them or for their children in the world system resulting from globalisation. People who feel that the system is turning against them may turn their backs to the system and develop an aversion to that system and its values. Clearly, it is not their system anyway and its values – freedom, justice, solidarity, welfare, modernity – were clearly never meant to be extended to them. Aversion can turn into hatred, and hatred into violence. It is not so difficult to recruit people willing to use violence against a system from a large crowd that is excluded from that system. Nor is it difficult to recruit people within the global system who consider themselves legitimised to act on their behalf.

Poverty is not a root cause of terrorism. But it can lead to violent action against a system that is believed to be a root cause of poverty. Poverty is a political concept and can provide political rationalisations. To squeeze poverty is an end in itself, but it is also a must if we want to eliminate the possible grounds of violence and insecurity. That is the dual mandate for the politics of globalisation.

Development Studies

What can development institutes such as the Institute of Social Studies contribute to a more sustainable politics of globalisation? In their education and training they should continue to teach the lessons from the past: the theories, the processes, the facts. And they should focus on issues and questions that can be expected to determine the future. That may require deviating from what the middle class considers to be modern and fashionable. It certainly also requires a firm

link between analysis and policy, between theory and practice. All this has been the Institute's *raison d'être* since its inception.

But, as well as teaching, development institutes can contribute with studies, analyses and research, in particular by doing work that is neglected by others. I see three niches:

First: to carry out research on poverty. But not macro, worldwide, because this is already done rather well by others, despite all the critical comments that can be made on these studies. It would be more relevant to focus on poverty in specific countries and regions, not income poverty but human poverty, with the help of indicators that are representative for the region or country concerned. Study local poverty, measure its dimensions, expose the underlying mechanisms, both the general ones and those that are specific to that situation, reveal the impact on the life of poor people of forces and policies outside their control. Write and tell the stories of the poor, as concretely as possible.

Second: study negotiations that have taken place in the past. What has been agreed and decided and what not? Which decisions and agreements have been implemented and which not? What went wrong and why? Bring negotiators, policy-makers and managers of the past together to reflect on their roles, the results they achieved, the chances they took, the opportunities they missed, the constraints they had to obey.

Third: study globalisation, not only its bright side, but all its consequences. Try to do so not only from the perspective of those who run affairs, but choose the perspective of those who run the risk: people doomed to stand aside or to be pushed aside.

Such policy-oriented studies can have an impact on the politics of globalisation: less collateral damage, no calculated default, no betrayal of commitments, but sustainable benefits for all.

Notes

- 1 Already at the beginning of the 1990s, in its white paper on development cooperation 'A World of Difference', the Dutch Government did not hesitate to speak about a crisis: 'a crisis in the development process, in development thinking, in development policy (and) in "the system"'. [Ministry of Foreign Affairs, 1991, 35]
- 2 The figures are 1292 for 1990 and 1169 for 1999.
- 3 Falling into poverty does not imply that all entitlements are lost at the same time. Regress is a process, whereby losing one entitlement will result in the loss of others. Michael Cernea has described such a process, starting with landlessness. When there is a parallel loss of access to common property and no access to an income-earning job, homelessness may result. This leads to marginalisation, food insecurity and increased morbidity, which will result in both social disarticulation and a short life. [Cernea, 1995] Progress out of poverty, on the other hand, can also start with basic entitlements. When these ensure a minimum level of living within a community and guarantee that the fruits of one's efforts to broaden the entitlements or to use them in a more productive manner without diminishing their future capacity stay with the person – or the household – concerned, that community can embark upon a path towards sustainable human development, provided that the future capacity of these entitlements will not diminish due to their present use. This was the core message of the UN Conference on Environment and Development, as elaborated in the Principles laid down in Agenda 21. [United Nations, 1992]
- 4 A better yardstick than an index of income poverty is the Human Development Index, developed by UNDP. This composite index is based on four indicators: per capita income, life expectancy, literacy and school enrolment. The Human Poverty Index, also devel-

oped by UNDP, is based on four poverty indicators: access to water, birth weight, life expectancy and adult illiteracy. All these indicators are related to the Millennium Development Goals. Both indices include a measure of the level of education, but the Human Development Index also refers to changes at this level, by explicitly including enrolment data. To become an index of sustainable development it would have to be based on indicators related to energy and the environment (natural resources, biodiversity). As an index of human deprivation the Human Poverty Index is better than the Human Development Index, because of the inclusion of water and nutrition indicators. However, there are no time series available. Half of all developing countries for which it was possible to calculate the Human Poverty Index (47 out of 94) had an index of over 30, meaning that more than 30% of the people of these countries are considered to be very poor. India, South Africa and Nigeria all had an index of slightly more than 30. For most African countries the index lies between 40 and 60. [UNDP, 2003, 245/7]

- 5 Even the trend based on \$1 a day is less promising than politicians are made to believe. Of 67 countries for which data is available, 37 experienced an increase in poverty in the 1990s, measured according to this shallow yardstick. [UNDP, 2003, 41] Measurement using the Human Development Index reveals a similar pattern: while this index improved in most countries during the last quarter of the previous century, more than 20 countries experienced a drop in this index in the 1990s. [UNDP, 2003, 40]
- 6 According to a rough estimate by the World Bank, 2.5 to 3 billion people currently live on less than \$2 a day. [World Bank, 2003]
- 7 With a Gini coefficient of 0.66.
- 8 Global quintile disparity, which was 30 to 1 in 1960, rose to 60 to 1 in 1990. Disparity between the richest 5% and the poorest 5% was still wider. In the 1990s it was, according to an estimate by

Milanovic, 114 to 1, while the richest 1% received as much as the poorest 57% [Milanovic, 2002]

- 9 De Gaay Fortman has introduced a useful distinction between *growth pro-poor* (growth with redistribution to such an extent that together they will lead to less inequality and to poverty reduction) and *pro-poor growth*, based on income generation by the poor themselves. [De Gaay Fortman, 2002] *Pro-poor growth* does not only rely on redistribution after growth, but on direct increases in the productivity and incomes of the poor themselves. That means that pro-poor goes beyond a combination of safety nets and adequate expenditure on social sectors and public services. *Pro-poor growth* implies all this, but in addition changes the structure of production and employment as well as the allocation and use of capital, land and technology that would directly increase the income earning capacity of the poor. This would come close to the distinction between redistribution (of income) after and (of assets) before growth. The latter was strongly advocated by Irma Adelman: 'For equitable growth, at each stage of the development process, access to the critical factor of production should be redistributed before its productivity is improved' [Adelman, 1979, 165] Defining *growth pro-poor* as *growth cum redistribution* and *pro-poor growth* as *redistribution before growth* would make more sense than distinguishing between high, moderate and less inequality in conjunction with high or (s)low growth, leading to less or more poverty alleviation, whereby everything is called pro-poor, but some approaches 'highly pro-poor' and others just 'pro-poor', even when inequality is worsening. As indicated by de Gaay Fortman, the only reason to introduce such a confusing and euphemistic distinction is political: a stricter definition would reveal that no Asian country could be qualified as 'pro-poor'. [De Gaay Fortman, 2003, 152] Indeed, '(the) ideal strategy (which) would boost growth, reduce inequality and significantly reduce poverty ... has not been seen in any of the spells recorded for Asia and the Pacific in the 1990s.' [United Nations, 2003, 44]

- 10 De Gaay Fortman uses the term *productivism* to highlight the inner logic of the economic system itself: economic growth has side effects, which should be alleviated with the help of public expenditure, the financing of which would require even more growth. [De Gaay Fortman, 2002, 13]. Precisely this vicious circle gave rise to the concept of *sustainable development*, as an alternative to *productivism*. Roefie Hueting was the first economist who, essentially following theories of welfare economics, drew attention to this and developed the concept of the *sustainable national income*, that would not include the value of production to compensate for side effects that would affect people's welfare negatively. [Hueting, 1974, 2001]
- 11 A rights-based approach to poverty is usually juxtaposed with the needs-based approach, which dominated the debate in the 1970s. Berma Klein Goldewijk has rightly pointed out that such a juxtaposition is questionable: '... not all needs justify rights and it is not need alone which justifies a right'. [Klein Goldewijk, 2003, 182] However, Klein Goldewijk then continues by juxtaposing a rights-based approach and a development approach: 'A rights-based approach ... recognises that all people are subjects of rights, rather than objects of development. ... In practice, a development approach is predominantly resource-based. ... A rights-based approach ... is primarily access-based.' [idem] This seems to imply a definition of the concept of development in macro terms, whereby the development approach would have to be complemented, corrected or substituted by a rights-based approach. However, if development itself is defined in terms of people (sustainable human development) a rights-based approach would not have to be juxtaposed to a development approach. On the contrary, it would become the highest form of a development approach. However, we should beware both of artificial distinctions and of wishful conceptualising. Whatever definition is chosen, what matters is the right to take care of one's own needs, together with the right to be treated equally.

- 12 In nearly all developing countries income redistribution, affirmative action and demand-driven approaches have been accepted and applied more or less, but not the redistribution of assets such as land and other resources. This also applies to development policies pursued by international development institutions. In a review of World Bank policies to redress poverty amongst indigenous groups in Latin America, Maarten van den Berg observes that the Bank promotes all means short of a more equitable distribution of land (for instance with the help of funds to enable small indigenous farmers to purchase land) . Van den Berg concludes that the range of demands which the Bank is prepared to consider is limited, aiming at best at achieving equal opportunities, not at overcoming natural social inequality. [Berg, van den, 2002]
- 13 The 1% aid target was not an arbitrary choice, nor a figure solely resulting from an enquiry into the willingness of rich countries to provide aid. The 1% figure resulted from model calculations: an increase of the growth rate of the developing countries to the level of 5% would require a specific increase in the investments in developing countries, on the basis of specific assumptions concerning investment/growth relations. Part of these could be financed out of domestic savings, the remainder had to be provided from outside. That remainder was a figure, which could also be calculated as a percentage of the total income of the wealthy nations. That calculation indeed resulted in the 1% figure. So the aid target was a political target to the extent that it implied a promise, a commitment. But it was also a technical-economic target. It resulted from development theory: the two gap theory (trade gap and savings gap) concerning foreign exchange limitations to a policy to step up productive investments. It was also a sophisticated target in political terms. The theory implied that the faster the income of developing countries increased, the sooner their capacity to raise domestic savings would grow and, so, the quicker their need for additional foreign aid to complement these savings in order to sustain the growth rate would be reduced. This meant that

more aid in the early years would result in less demand for aid later on. This was politically attractive for donor countries. It would be less costly, given specific discount rates. The accumulated aid over a longer period would have to be smaller if donors were generous in the beginning. So the First Development Decade (DD I) could be seen in more than one respect as a win/win approach.

- 14 During DD I, difficult discussions already emerged with regard to the commitments of the donor countries. During UNCTAD I and II, in 1964 and 1968, aid commitments were modified. The preparations for the Second Development Decade (DD II) resulted in a controversy between two approaches: the World Bank-based Pearson Committee, less ambitious, and the UN-based Committee for Development Planning led by Jan Tinbergen, aiming at a higher growth target and higher levels of official development assistance. The dispute circled around a number of issues which have remained dominant throughout. First the growth objective: should a more or a less ambitious target be selected? Second; should the resulting necessary foreign exchange be brought together through official channels, or should a specific part be left to the private sector, even if in a free market system no firm commitments could be expected from the private sector. In addition to this a change in the statistical base was agreed: instead of Net National Income (NNI), Gross Domestic Product (GDP) was chosen, which was roughly – too roughly – estimated to be about 30% higher. So, the aid target – 1% of NNI – was recalculated (and rounded off downwards) at 0.7% of the GDP of the donor countries. All this resulted in less firm aid commitments for DD II (1971-1980) than for DD I. The first Review and Appraisal of performance during that decade, in 1972, already made clear that the targets would not be met. That also became clear during UNCTAD III in Santiago. Shortly afterwards the oil crisis broke out, resulting in an instant fourfold increase in world oil prices. Developing countries importing oil were also hit, but oil-exporting developing countries were able to keep the ranks closed within the group of developing countries

(G77) by promising compensation. Moreover, the developing countries as a whole were disillusioned by the meagre results of international trade negotiations and by the low aid performance. Therefore they stuck together during UN negotiations on the so called New International Economic Order in 1974 and 1975. The negotiations resulted in consensus on an action programme aimed at establishing a new order, including the reconfirmation of aid commitments. However, all this remained on paper only. (OPEC's promise also resulted in fewer disbursements than had been expected. Efforts to link oil revenue with investments in food security in poor countries did not materialise. Instead, oil revenue became an important source of finance for arms imports). The Review and Appraisal of DD II became a purely statistical exercise. The Third Development Decade (1981-1990) did not draw political attention. The negotiations only served the needs of the UN bureaucracy and the diplomats. The outcome was a strategy without teeth, without any political commitment. Hardly anybody outside New York was aware that, within the framework of the United Nations, the 1990s were proclaimed the Fourth Development Decade.

- 15 Some goals have been achieved wholly (the eradication of small-pox). Others were achieved partly (the immunisation of children) or better in some parts of the world than in others, whereby in global terms at least there was substantial improvement (primary school enrolment and nutrition). Most others failed completely. This has led to criticism of goal setting as such: goals are seen as inflexible, over-ambitious, too precise, too detailed and therefore deceptive. Against this criticism the authors of the Human Development Report 2003 argue that 'whether the numerical target of a global goal was achieved is an important but inadequate measure of success, because it does not indicate whether setting the goal made a difference. In many cases enormous progress has been made even though numerical targets have not been reached ... Thus global goals can raise ambitions and spur efforts They

are intended to mobilise action ...' [UNDP, 2003, 30-31]. Also Richard Jolly, in an overview of all relevant goals set and agreed by the world community in the second half of the previous century, is rather generous when claiming that on the whole many goals have been achieved in a considerable number of countries by the target date or soon thereafter. He pleads for a shift in the emphasis, from achievement or non-achievement to the extent to which the goals have functioned and for an analysis of the specific reasons why specific goals in specific countries have not been achieved: internal reasons (economic constraints, lack of political commitment, violent conflict) or external: the international economic environment or lack of international support. [Jolly, 2003] Such an analysis would be useful. However, goals and targets are more than catalysts in a process of awareness building. They are not only meant to mobilise action by others. They imply also a commitment to act by the goal setters themselves. All goals concerned were agreed worldwide and embedded in global political declarations, after full scrutiny – 'carefully constructed, word by word, often syllable by syllable' [Jolly, 2003, 4] – and hardly any of these implied a 100% eradication of a deficit in a relatively short period. It was always a decrease of an incidence with a specific percentage, say, a third, within a period of about 15 years. The targets always concerned basic issues. Their achievement was considered fundamental for human welfare. Their non-achievement is failure. The reasons should be analysed, but such an analysis would not clear in advance political leaders from their accountability.

16 With thanks to Richard Jolly and Kitty van der Heijden.

17 See for the Development Compact [UNDP, 2003, 15-25]. See for proposed elements of such a compact concerning debt, trade, technology and AIDS policy respectively pp.152/3, 154/6, 157/9 and 158/9. Privatisation and its limitations in various sectors are discussed on pp 111-121, decentralisation on pp 135-140, social

mobilisation on pp.140-143. Desirable policies concerning food, education, health, and water and sanitation are discussed in chapter 4 of the report [UNDP, 2003, 85-110]

18 Richard Jolly, though rather kind in his judgement concerning the non-fulfilment of the various development targets of the decades behind us, is quite outspoken in his verdict on the Bretton Woods Institutions, whose 'single-minded focus (and) narrow view often diverted attention from the social dimensions of adjustment, set back progress in the social sectors, and worked against the achievement of global goals in education, health, water and nutrition.' [Jolly, 2003, 4]

19 Fairness requires that I note I was a member of this task force.

20 Moreover, as was recently also indicated by Ton Dietz, for half of the world's poor, meeting the \$1 target only would require a redistribution of at least this figure. [Dietz, 2003, 14] This should mostly be additional to current aid flows, because reallocation would also harm the capacity to meet the other targets.

21 NRC Handelsblad, July 22, 2003, p. 7.

22 Internal memorandum, 17 September 2003.

23 See for instance [UNDP, 2003, pp. 88,94,97,101,108] and [UN-Habitat 2003]

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