



University of HUDDERSFIELD

University of Huddersfield Repository

Siddiqui, Kalim

North-South and global sustainability

Original Citation

Siddiqui, Kalim (1995) North-South and global sustainability. *The Nation*.

This version is available at <http://eprints.hud.ac.uk/id/eprint/16764/>

The University Repository is a digital collection of the research output of the University, available on Open Access. Copyright and Moral Rights for the items on this site are retained by the individual author and/or other copyright owners. Users may access full items free of charge; copies of full text items generally can be reproduced, displayed or performed and given to third parties in any format or medium for personal research or study, educational or not-for-profit purposes without prior permission or charge, provided:

- The authors, title and full bibliographic details is credited in any copy;
- A hyperlink and/or URL is included for the original metadata page; and
- The content is not changed in any way.

For more information, including our policy and submission procedure, please contact the Repository Team at: E.mailbox@hud.ac.uk.

<http://eprints.hud.ac.uk/>

North-South and global sustainability-I

Dr Kalim Siddiqui

Let us look at the United Nations report regarding the economies of various countries and the increasing disparities between North-South. Recently the United Nations Development Programme (UNDP) published Human Development Report (HDR) 1994. The theme of the report is people's security in their everyday lives. The UNDP wants the HDR 1994 to be a contribution to the World Summit for Social Development to be held in Copenhagen in March 1995. The report contains various chapters which deal with the need for sustainable human development; increased human security; disarmament and peace dividend; the need to restructure development and cooperation; and human development index.

The report provides a more realistic and useful account of the state of nations of the world than those reports that continue to rely on rigid economic criteria such as national income indicators. The Human Development Index (HDI), for all its limitations, is an extremely useful descriptive tool which captures socio-economic conditions more accurately than studies which are based on GNP measures. It also exposes the widely believed presupposition about the relationship between growth and development, and indicates how government strategy can be important in providing opportunities for a better life even at lower levels of per capita income. The HDI has been prepared for 173 countries and sub-groups within certain countries to show internal disparities. HDI is primarily based on three points: life expectancy; literacy in terms of schooling; and standard of living, measured by purchasing power and income.

The essential problem of sustainability today is not simply one of ensuring a viable alternative development paradigm for less poor countries, but actually changing the way in which the world resources are currently distributed and consumed across the countries. Indeed, global sustainability is impossible without a substantial reduction and shift in the pattern of consumption of the rich. HDR 1994 notes: "The lifestyles of the rich nations will clearly have to change. The North has roughly one-fifth of the world's population and four-fifths of its income, and it consumes 70 per cent of the world energy, 75 per cent of the metals and 85 per cent of its wood...Because inter-generational equity must go hand in hand with intra-generational equity, a major restructuring of world's income and consumption patterns may be necessary precondition for any viable strategy of sustainable development". (p18-19) It will not be possible for poor countries to imitate the lifestyle of the rich countries; the latter will have to change theirs. One striking omis-

income. But the equally important role of macro-economic policy, which is not discussed by the report, should not be ignored. Food insecurity has increased of those poor countries who have followed policies of cultivation of cash crops for export, often on the advice of the World Bank, and had consequently neglected domestic food production.

Health security in the Third World is still a privilege of the few and infectious and parasitic diseases continue to account for the greatest number of deaths. Inadequate provision for women's health during pregnancy and child birth is still the norm in the Third World. Moreover, the health security is closely related to the health of the natural environment and here the problems resulting from the continued degradation of local and global ecosystems become significant. The state of water resources is a critical indicator: global per capita water supply is only one third of its level of 25 years ago. Water scarcity marks most of the Third World and is becoming a major factor in regional and social conflict.

The philosophy behind the concept of human development is outlined in unequivocal terms. It is founded on the ethic of the universal, individual right to life; economic and social rights are equally as important as civil political rights; the aim is to create an environment in which each the individual can develop his/her own capacities, enlarging the choices and opportunities for the future, as well as current generations. Everything is brought together by stating that sustainable human development is achieved by alleviation and reduction of poverty, the expansion of productive employment and the enhancement of social integration.

The report also develops the concept of human security in a broader sense than it has been used so far, and suggests ways of measuring it. It emphasises the provision of basic needs - health care, education, subsistence, and opportunity to develop capabilities - to all people, and the need for environmental protection and regeneration. This perspective in turn involves various objectives, which are difficult to realise. It focuses on empowerment of the people, the protection of all basic human rights (including the right to have food) and non-discrimination between all people. The emphasis is on equality of opportunity rather than that of income, although it is recognised that a basic minimum income should be guaranteed to everyone.

The report warns that the threats to human security arise in the next century from disparities in economic opportunities, and unchecked population growth. The report appeals for a widening of the concept of development cooperation to include all areas of international activity, not only aid. It is not

The Nation - 18.2.95

sion in this respect is the lifestyle of the rich groups in the poor countries.

The report also emphasises that the essence of sustainable development strategies must be to ensure a sustainable livelihood for all. It says that these strategies must focus on three core themes: poverty reduction, employment creation and social integration. But the report ignores why existing paradigms of development have evolved, such as tremendous inequality, waste of resources and lack of security. As long as market based approach which gives the greatest freedoms to TNCs rather than people in the Third World remains the dominant paradigm, more democratic and sustainable development cannot be realised effectively.

The report elaborates the concept of human security. Too often, many researchers see this very narrowly in terms like national security rather than people's security. The report points out that human security can be said to have two aspects: safety from hunger and chronic diseases and repression. It lists various threats to human security like: economic, food, health, environmental, personal and political. Economic security requires an assured basic income sufficient to fulfil minimum subsistence needs of the people. The report estimates, only about a quarter of the world's population may be economically secure in that sense. In richer countries unemployment is a chief cause of economic insecurity; in poor countries the problem is more complex, due to the existence of a large numbers of underemployed, insecure working conditions and low wages.

Food security remains the problem among large numbers of people, despite overall surplus of food in the world. The problems are essentially those of inadequate distribution, both global and local, and lack of purchasing power. In Sub-Saharan Africa substantial declines in per capita food production since the early 1980s have created a situation in which about 35 per cent of the population is chronically malnourished. And even countries which appear to be self-sufficient in food - such as India - contain large segments of undernourished people. The report rightly describes that access to food comes primarily from access to assets, work and ensured

new. The real problem is not that the rich countries do not see the interdependencies involved in their various international economic policies or the losses inflicted on the poor countries on account of these policies. The real problem lies in the forces behind these policies, the political economy in the rich countries.

After discussing the range of objectives that donors often pursue, the report suggests that aid should be more concentrated. Governments in the poor countries should devote 20 per cent of their expenditure and donors 20 per cent of their aid to human priority expenditures. In the new international situation with the collapse of the Soviet Union, the report is highly optimistic about what it calls the "peace dividend". However, disarmament is very beneficial for the people in the Third World, particularly the poor sections. There is enormous social waste in such expenditure. In 1992, total world's military spending was \$815 billion, which was equal to the combined income of nearly half of the world's population. Military spending in the Third World alone extracts a very large proportion of resources which could have been used to improve the living conditions of the people. The report proposes a direct transfer from resources saved through disarmament to social spending which would enhance human development indicators.

The report also argues that aid should be more directly linked to human development priority objectives and emerging global security threats, and that new sources of such funds should be located. A valuable suggestion was given by James Tobin, an Economics Nobel Peace Prize winner, which would operate to restrict speculative capital flows as well as provide more money for international redistribution. The proposal is to levy a small tax on international currency transactions. A 0.5 per cent tax on foreign exchange transactions would be too small to deter commodity trade. Of course, the revenue potential is immense, as a worldwide tax at current levels of flows would generate over \$ 1.5 trillion for a 0.5 per cent tax. Other ways of generating resources for redistribution to poor countries include funds from demilitarisation and pollution taxes.

(to be concluded)

18.2.95

North-South and global sustainability - II

Dr Kalim Siddiqui

The UNDP's director James Speth openly argued in a recent Press briefing on the current crisis in Africa, for phasing out within three years of the arms trade and military assistance to the continent. "A large part of the blame for this trading in death rests with the industrialised countries who, while giving aid in the order of \$60 billion a year, earn in compensation \$125 billion from military expenditure in the developing world," he said. The report calculates that 86 per cent of the weapons exports to the Third World come from Russia, the US, France, Britain or China. "Of course, the defense industry will be unhappy about these ideas and will put pressure on politicians, but now they have to be confronted", the report notes. The report further argues that the effects of arms buying on development spending by showing that India, the largest importer of arms in the Third World, bought 20 MiG-29 fighter airplanes for a sum which could have sent 15 million girls to school. Nigeria, another big spender, bought 80 tanks for a sum which could have immunised two million children and brought family planning to two million couples.

The formula proposed is that the Third World would double their social spending to 20 per cent of their budget by reducing military expenditure and cutting wasteful mega projects, while donors would raise their allocations of foreign aid aimed at human development from 7 per cent to 20 per cent. Debt cancellation for the poor countries is also advised. Changes within aid budgets to make them more effective should be less controversial terrain. For instance, more than 90 per cent of the \$12 billion a year for technical assistance goes to foreign consultants. In Africa, 100,000 such foreigners were employed for over five years, while 60,000 African senior officials and technical experts left the continent.

The crucial point made by the report is that development must be concerned with filling the wants and aspirations of people: not simply the needless production of more and more commodities. In fact, what matters is not wealth itself, but the use that nations make of it. The process of modernisation and particularly which is associated with market based policies also threatens the security that may have come from common use of resources, common set of values and identity. Indigenous groups are worst affected by this profit-first based approach, and ethnic clashes and regional separatist demands are among symptoms of the decline in communal security.

Global poverty threatens every country with diseases, ethnic violence, pollution, says the recent UNDP report. Unless rich nations spend money to address the problem they will find their own future jeopard-

under heavy intimidation. They promise little benefits to 80 per cent of the globe, they promise actual losses in trade. Indeed, the deal will strengthen those who are already rich and powerful. The high interest rates and other inequalities along with low prices of export commodities of the Third World is already depriving the poor nations of earnings of at least \$500 billion a year - about ten times the total 'aid' provided by the North.

Moreover, these Third World payments amount to more than two-thirds of the sum granted or being lent to these countries by creditor nations and international agencies. The result is: the poor countries are financing the maintenance of the high living standard in the rich countries while impoverishment is increasing in the Third World. More than 1.2 billion people in these countries now live in absolute poverty, 100 million suffer from famine, and about 180 million children are undernourished. Prospects for overall development of the Third World under the hegemony of the North are poor. The IMF/World Bank itself bears a large responsibility for the poverty in the Third World. It has imposed harsh austerity conditions on the poor countries for its aid and postponement of debt repayments. These conditions have lowered living standards, emphasised exports in order to pay existing debts, thereby causing a decline in domestic supplies; and required governmental budget retrenchment, resulting in reduced spending on public health and education.

In spite of the globalisation of financial flows, information networks and skilled labour, there is a persisting contradiction between the demands of internationalised capital and those of growth of productive forces. For the full exploitation of the dynamic and static external economies, productive activities have to be localised within a region (US or European Community) that permits full mobility of labour and capital, and the full and symmetric adapta-

Development must be concerned with filling the wants and aspirations of people, not simply the needless production of more and more commodities. In fact, what matters is not wealth itself, but the use that nations make of it

tion of state policy towards the demands of the region. However, mobility of international capital without corresponding mobility of labour leaves the net losers of capital unable to develop the productive forces in step with those of gainers of capital who have adopted their institutions to permit a more or less unfettered growth of capitalist or proto-capitalist production relations.

The concepts of unevenness of capitalist development and of economic retardation can also cover the phenomenon of underdevelopment. It is also a combination of low per capita income, low rates of industrial growth and low rates of change in the structure of incomes and occupations persisting over a longer period that can be taken as the visible criteria of underdevelopment. One major symptom of the state of underdevel-

ised. However, the report lacks in-depth understanding on North-South relations. It stems from the incapacity to draw out the implications of the observed realities of international economic disparities. The world economy is highly concentrated, with the richest one-fifth receiving 84.7 per cent of the world's GNP, controlling 84.2 per cent of the world trade in 1991. The real dominant agents are the TNCs based in the North, dealing in goods and services, whose annual turnover typically exceeds the GNP of even medium sized nations. It is wrong to assume that the interests of such large firms would be identical with the interests of people in the Third World. Also the rich in the Third World do not represent the needs of the majority of the population in those countries. There is a widespread fear, for instance, that the imposition of a uniform regime of intellectual property rights, modelled on the US pattern and almost necessarily controlled by TNCs, will hamper investment in research and development and impede technical change by preventing the emergence of multiple sources and independent innovations.

The appalling poverty revealed by decolonisation required - and still requires - basic changes to be made in the world economic system, and a sensible modicum of management of that system. Instead, the industrial North has diverted attention from these structural issues by the palliative of 'aid', while also reducing the capacity of the UN Secretariat for macro-economic policy analysis and coordination. The IMF is dictating now 'Structural Adjustment' in the Third World that causes economic havoc and mass upheavals which are promptly blamed on 'religious fundamentalism' or 'tribalism'.

Most important of all, in the UN General Assembly, the major powers have refused to negotiate on macro-economic policies for 'advancement of all peoples' claiming that global monetary, finance and trade matters are properly dealt with by the IMF, the World Bank and GAT institutions, which they have ensured will do nothing of the kind. Third World debt, they say, is a matter for the World Bank and the IMF, neither of which has any long-term debt solution. In 1990, when there was a global trade surplus of \$180 billion, the Third World had debts totalling \$1400 billion (much of which would have already been paid if the Northern institutions had not manipulated interest rates). Most of the surplus went to private capital markets in rich countries, while IMF continued to drain Africa of \$2 billion in repayments, and the World Bank in that one year alone demanded \$1.7 billion from the Third World.

The gap between North and South is widening relentlessly. In 1960, the richest fifth of the world's population earned thirty times the income of the poorest fifth; today, it earns sixty times more. GATT is being replaced by WTO, while the global economic structure is highly unequal in terms of technology, capital resources and incomes where 80 per cent of the population now has only 18 per cent of world trade. No steps have been taken to alter this, rather the 'free trade' accord reached at the end of the Uruguay Round last December was hailed as a triumph. Negotiated over seven years among a handful of industrial countries, they were then handed over to the representatives of the Third World countries to examine and accept in a single weekend,

opment in a private enterprise economy is that it finds it difficult to attract net direct investment on a larger scale for any length of time. In order to understand the validity of this kind of assumption, we have to realise that long before the debt crisis, many of the countries of Latin America, Africa and underdeveloped regions of Asia apparently received large amounts of gross foreign investment; however, measured over decades those flows were negative. Because of the uneven spread of industrialisation, because of the contradictions caused by the unleashing of capitalist relations, because of the legacy of colonialism and the pattern of inter-state relations left by it, the growth of capitalist development has always been uneven, and continues to be so to this day. It is not only the absolute progress of productive forces, but also the differential between productivity, profitability etc. created by the uneven spread of capitalist relations that further fuels the process of differentiation between different nations.

In all the industrialised countries, the state plays a vital role in maintaining reproducing or modifying the existing production relations. The modification is guided by two contradictory impulses, and the result often harbours the potential for contraction. One is the attempt to repair imagined and actual damage to the social fabric, the conditions of living etc., caused by the spread of capitalist relations.

The obvious examples outside western Europe are Japan, South Korea, Taiwan, Singapore and Hong Kong, which have somehow managed to substitute potential foreign investment by domestic investment on a large scale to break out in high rates of growth that led to the removal of poverty. It seems the factors that sustained high rates of industrial and aggregate investment and led to sustained growth since the 1950s are: radical land distribution and the elimination of landlordism; land distribution also expanded the domestic market. The more equitable distribution of land raised the income of the rural masses and as a consequence increased the demand for consumer goods; the achievement of high literacy rates, which means the labour force can adapt quickly to new technologies; easy access to foreign markets and state intervention in research and technology boosted profits and created high morale among domestic entrepreneurs. Further, the favourable global political economy made transformation more possible. Then the victory of the communist revolution in China and fear of such takeover led the US occupying forces to support a pro-peasant reform not only in Japan but in other East Asian countries. Such international support cannot be found in the present world. On the contrary, the big landowners and TNCs in many parts of Latin America such as Nicaragua, Colombia, Brazil, Peru, Mexico, Philippines, Thailand and in many African countries as well has not only continued to hold a large part of cultivated land but even have been assigned a bigger role in linking the Third World economies more closely with the industrialised countries. Thus, to achieve global sustainable development the North-South economic relations have to be radically changed.

The writer is a Fellow at the Centre for Development Studies, University of Bergen, Norway

(concluded)

The Nation - 19.2.95