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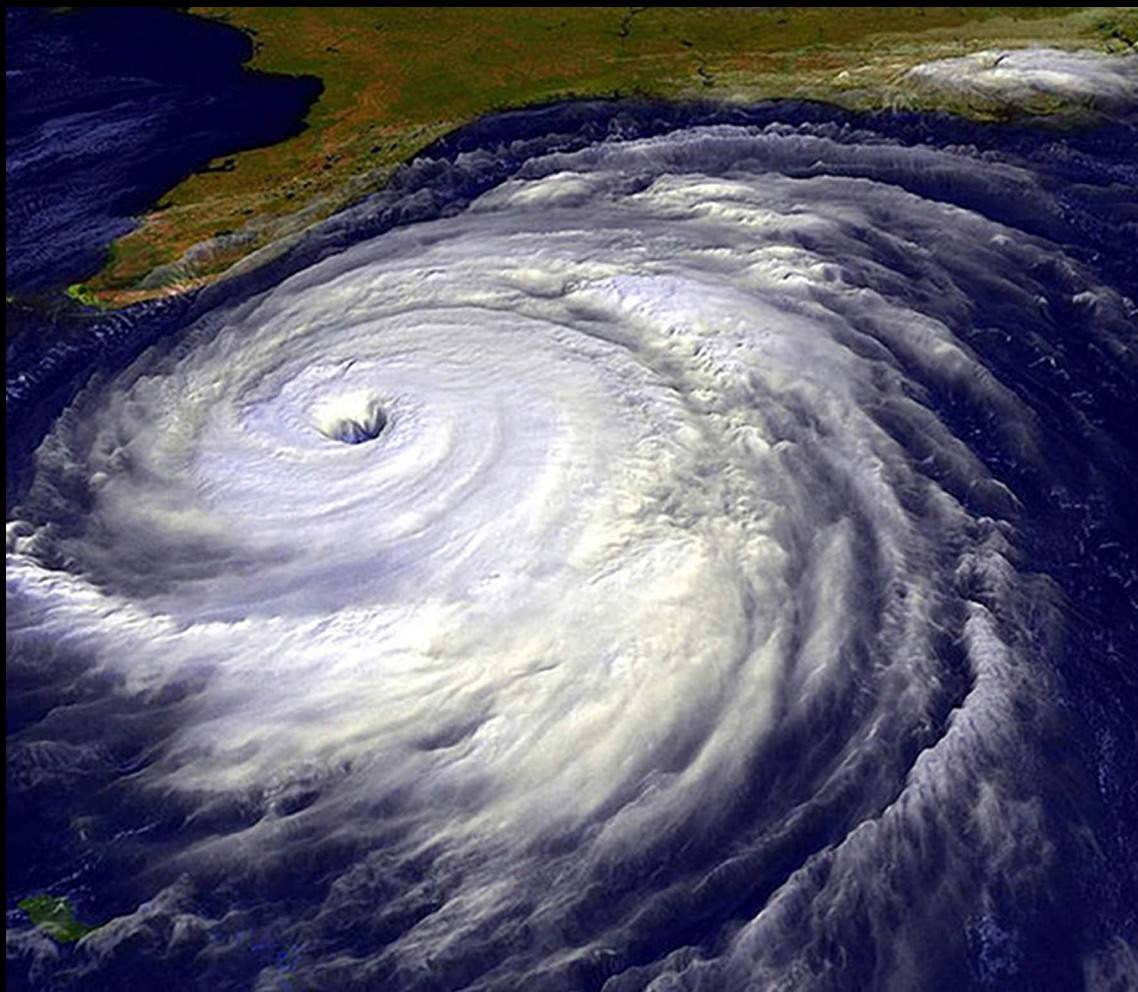
development dialogue



Dag Hammarskjöld
Foundation

No future without justice

» Report of the *Civil Society Reflection Group*
on Global Development Perspectives



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No future without justice

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Preface

In September of 2010, a group of people from various civil society organisations (CSOs) came together to discuss the unprecedented coincidence of global crises: the economic and financial crisis, the food crisis, as well as the intensifying climate crisis.

We agreed that these unresolved crises reflect the failure of the dominant model of development and economic progress that is oriented on a technocratic modernisation path, is blind to human rights and the ecological limits of the global ecosystem, confuses growth of gross domestic product (GDP) with progress in society, and regards poverty as a primarily technical challenge in which categories of inequality and social justice are neglected.

We concluded that it is time to draw lessons from these crises, to look beyond conventional development concepts and goals and to rethink fundamentally the models and measures of development and social progress – in the North and the South. We saw the United Nations Conference on Sustainable Development (Rio+20) 2012 and the emerging discussions on a post-2015 development agenda as a unique window of opportunity to reconsider the current development paradigm and to develop strategies towards a holistic, rights-based development approach.

With this in mind, we took the initiative to establish the Civil Society Reflection Group on Global Development Perspectives in order to provide the space for in-depth discussions and joint learning for an interdisciplinary group of civil society activists and scholars. In November 2010, this group was officially launched by Social Watch, Third World Network, Development Alternatives with Women for a New Era (DAWN), the Friedrich-Ebert-Stiftung, Global Policy Forum, terre des hommes, and the Dag Hammarskjöld Foundation.

The group consists of 18 members from around the globe. While we reflect a broad variety of civil society organisations, networks and foundations, we do not claim to represent global civil society. We came together as individuals from different regions, cultures and disciplines to reflect, discuss and learn from each other.

Between January 2011 and March 2012 the group met five times in order to assess conventional and alternative models of development and well-being, reconsider development goals and indicators, including the Millennium Development Goals (MDGs), draw conclusions for future

development strategies and discuss specific policy recommendations for the Rio+20 Conference and the post-2015 development agenda.

This report is the main outcome of the joint reflection exercise. While the Reflection Group ceases with the publication of this document, it does not mark the end of our deliberations. This is just a first stage. Our deliberations are not carved in stone but are, of course, subject to ongoing discussions and further elaboration. We propose, for instance, a political framework of Global Sustainability Goals to highlight the need for a broad holistic approach beyond the current set of MDGs but have not detailed a set of specific targets and indicators yet.

The key messages have been reached by consensus. We are all convinced that the principles and values of the Rio Declaration on Environment and Development and the UN Millennium Declaration are under siege and urgently need to be revived. This includes the imperatives of human rights, freedom, equality, solidarity, diversity, respect for nature, and common but differentiated responsibilities. Corporate interests do not uphold these principles and values. Unbridled market forces have favoured the strong, thereby widening the economic divide. This requires the state to redress the imbalance, eliminate discrimination, and ensure sustainable livelihoods, decent work and social inclusion. Intergenerational justice requires restraint and responsibility on the part of the present generation. It is urgent to establish more equitable per capita rights towards the global commons and to the emission of greenhouse gases, taking fully into account historical responsibility. The state has to be re-affirmed as the indispensable actor setting the legal frame, enforcing standards of equity and human rights, and fostering long-term ecological thinking, based on democratic legitimacy.

While our findings have benefited greatly from discussions within our organisations and networks and many comments from friends and colleagues, the report has been endorsed by the members of the group in their personal capacity within their specific mandate.

We are particularly glad and honoured that this report is published in the *Development Dialogue* series and stands now in the historic tradition of the landmark report 'What Now – Another Development' of 1975 and the reports by Erskine Childers and Brian Urquhart on the reform of the United Nations System from the early 1990s. We hope our contribution will stimulate – as these reports did – debate about alternative development paths, more participatory and inclusive governance structures and the necessary transformation in politics and societies in order to change the course towards future justice for all.

Box 1

Urgent Appeal to Change the Mindset

The United Nations Conference on Sustainable Development – Rio 2012 – must change the dominant mindset by:

Restoring public rights over corporate privileges

after thirty years of strengthening the power of investors and big corporations through deregulation, trade and financial liberalisation, tax cuts and exemptions, and weakening the role of the state; and after the market-driven financial meltdown.

The principles and values of the Rio Declaration and the UN Millennium Declaration, adopted by heads of states and governments, are threatened and urgently need to be re-established.

They include Human Rights, Freedom, Equality, Solidarity, Diversity, Respect for Nature, and Common but Differentiated Responsibilities. Corporate interests do not uphold these principles and values.

Taking equity seriously

after thirty years of policies that have further widened the gap between rich and poor and exacerbated inequities and inequalities, not least regarding access to resources.

Unbridled market forces have favoured the strong, thereby widening the economic divide. This requires the state to redress the imbalance, eliminate discrimination, and ensure sustainable livelihoods, decent work and social inclusion. Intergenerational justice requires restraint and responsibility of the present generation. It is urgent to establish more equitable per capita rights towards the global commons and to the

emission of greenhouse gases, taking fully into account historical responsibility.

Rescuing nature

after more than sixty years of global warming, loss of biodiversity, desertification, depletion of marine life and of forests, a spiralling water crisis and many other ecological catastrophes.

The environmental crisis is hitting the poor much more than the affluent. Knowledge-intensive solutions including technologies are available to restore natural systems, and dramatically reduce pressures on climate and the environment while improving human well-being. A “green economy” is attainable but must be embedded in a holistic concept of sustainability. What we need is a change of lifestyles.

The Rio 1992 Summit adopted legally binding instruments and embraced Civil Society. The Johannesburg Summit 2002 celebrated partnerships relying on a self-regulated Private Sector. The Rio 2012 Summit must re-affirm the State as the indispensable actor setting the legal frame, enforcing standards of equity and human rights, and fostering long-term ecological thinking, based on democratic legitimacy.

*Statement by the Reflection Group,
New York, 6 March 2011.*

I » The world in need of fundamental change

Fast-spreading unsustainable production and consumption patterns in an age of extraction-based industrialisation have been linked to the rapid depletion of natural resources, including clean water, as well as to unequal sharing of the promised 'benefits' of economic growth and expanding trade.



1. A world in turmoil

We live in a world in turmoil. Too many people are tossed around in a global boom and bust, the world turned into a global casino, gambling with our livelihoods, our security, our futures and our planet.

We live in a world where the top 20 per cent of the population enjoy more than 80 per cent of total income and those in the bottom quintile get only 1 per cent of global income.¹ Given the current trend, it would take more than 800 years for them to increase their share to just 10 per cent. Gains from economic growth and globalisation have been unevenly shared. In most countries, the rich have become richer at the expense of lower income groups and the poor. Unfettered economic growth characterised by accumulation and wealth concentration has further increased social inequalities even though the resources it

¹ See Ortiz, Isabel and Cummins, Matthew (2011), *Global Inequality: Beyond the Bottom Billion - A Rapid Review of Income Distribution in 141 Countries*, New York: UNICEF [www.unicef.org/socialpolicy/index_58230.html].



Dedication to stimulating economic growth has provided the incentive to exploit nature, rely on the use of fossil fuels and deplete biodiversity, undermining the provision of essential services.

has generated could do the opposite and finance more equitable access to essential public services. Persistent poverty, unemployment, social exclusion, and higher levels of inequality and insecurity are threatening care systems, social cohesion and political stability.

We live in a world where 42 per cent of carbon emissions are generated by 17 per cent of the population.² Fast-spreading unsustainable production and consumption patterns in an age of extraction-based industrialisation have been linked to the rapid depletion of natural resources, including clean water, as well as to unequal sharing of the promised ‘benefits’ of economic growth and expanding trade. They have led to global warming that results in rising sea levels, higher frequency of extreme weather conditions, and desertification. For biodiversity, the loss of environmental heritage is permanent. We have exceeded the ecological limits and neglect the planetary boundaries. With the climate change threat we are already living on borrowed time. However, we refuse to cut back on emissions and allocate the scarce resources to those who have not yet benefited from their exploitation.

All too often, national and international policies have not aimed at reducing inequalities. The dedication to stimulating economic growth has provided the incentive to exploit nature, rely on the use of fossil fuels and deplete biodiversity, undermining the provision of essential services. Countries compete in a race to the bottom, offering lower taxes and cheaper labour so as to attract investments on the basis of the dominant economic thinking. Malthusian approaches to population dynamic arguments dangerously and miserably fail to account for the real issues underpinning resource constraints, which are linked to unsustainable production and consumption patterns.

Persistent discrimination locks women in precarious reproductive work and violence. Women, especially the poor, continue to suffer from social and economic discrimination and in many places are deprived of their bodily, reproductive and sexual rights. This makes them more vulnerable to exploitation and violence inside and outside their homes. Care work, which is often undertaken by women within households, is undervalued and under-recognised. Poor women’s livelihoods and productive activities, which include all forms of health care work and are heavily dependent on access to natural resources, are often left unprotected and unsupported. All these come under further stress during times of economic and ecological crisis and as a result of policies that favour profit over social provisioning.

² The member countries of the OECD have a combined population of roughly 1.2 billion (17 per cent of world population) and are responsible for 42.6 per cent of CO₂ emissions. See OECD (2012), *Population statistics for OECD member countries*, Paris [<http://stats.oecd.org/index.aspx?queryid=254>]; BP: *Workbook of Historical Data* [<http://tiny.cc/hwq1bw>].

Persistent discrimination locks women in precarious reproductive work and violence.

Biodiversity and the bounty of nature, while cherished, are not respected, protected or valued. Communities and populations that seek to live in harmony with nature find their rights ignored and their livelihoods and cultures jeopardised. For too long, we have ignored the multiple effects of private appropriation on communities' shrinking reserves and natural habitats, on the social division of labour by age and gender, and on the processes of change that have led to chronic poverty and social disintegration.



UN Photo/Tim McKulka

Above: An elderly woman, internally displaced from her home in Abyei by heavy fighting between the Sudan Armed Forces and the Sudan Peoples Liberation Army, gets ready to receive her ration of emergency food aid.

Why has this happened? Certainly it is not because of a lack of awareness or attention on the part of policy-makers at the highest levels. Environmental issues already featured prominently in 1972, at the Stockholm Conference on the Human Environment. The climate change danger, first given prominent attention at the World Climate Conference of the World Meteorological Organization in Geneva in 1979, was brought centre stage in 1987 by the Brundtland Report, as was the urgency of addressing biodiversity loss. The momentum carried on to the Rio conference in 1992, which launched framework conventions on climate change and biodiversity as well as on desertification. It also adopted the Rio Declaration, the Forest Principles and a comprehensive plan of action, Agenda 21. The global conferences of the 1990s focused on issues of human rights and social equity and adopted blueprints to tackle the injustices of social exclusion and gender discrimination. In the

Millennium Declaration of 2000, member states committed themselves *'to uphold the principles of human dignity, equality and equity at the global level'* as *'a duty to all the world's people, especially the most vulnerable and, in particular, the children of the world, to whom the future belongs'*.³

Over the last 20 years, however, the ideals and principles of Rio have been overshadowed, as implementation has mostly not occurred. Especially, a host of international commitments to human rights and gender justice have not been fulfilled. World product per capita has more than doubled in the last two decades, yet with widening disparities. Globalisation has yielded millions of poor quality jobs. Financial and commodity speculation has undercut food security and millions of hectares of land formerly used for growing food have been handed to unsustainable uses. Little has been done to change patterns of production and consumption that pollute, erode biodiversity and lead inexorably to climate change. Forty-five countries with a total population of 1.2 billion people have managed to achieve social indicators that are better than the world average, with per capita emissions of CO₂ from fossil fuels below the world average.⁴ And none of them is labelled 'high income'.

Yet, similar to other middle-income countries and those considered 'least developed', they often find their space for making domestic policy choices to achieve sustainable development increasingly squeezed by external demands, conditionalities and impositions that press them to take steps such as slashing tax rates and social services expenditure.

Economic policies have on many occasions contradicted the commitments made to rights and sustainability, as they and their related national and international institutions occupy the top of governance domains. They have relied too much on markets to allocate societies' resources and distribute their wealth, singling out GDP growth as the ultimate measure of well-being. The result has been unabated appropriation of land, seas and other natural resources, particularly in the global South, and increased concentration and bigger market share ratios of a few transnational corporations, including in the food and medicine sectors.

This deliberate hands-off policy came to a head when, ignited in the US, it exploded into the global financial crisis in 2008, intensifying inequalities further as the resulting job losses and income cuts hit low-income groups disproportionately. Yet, relentlessly, the policy measures

3 UN General Assembly (2000), *United Nations Millennium Declaration* (UN Doc. A/RES/55/2), para. 2.

4 Cf. Social Watch (2011), *Basic Capabilities Index 2011*, Montevideo [<http://socialwatch.org/node/13749>].

squeezed societies and communities further, relying on the same market actors that had been profiting from the status quo before, paying little or no heed to the already fragile human and ecological systems, and pushing societies and communities to breaking point.

Despite evidence that counter-cyclical policies have acted as effective shock absorbers enhancing resilience, many governments have sacrificed social expenditures to neoliberal orthodoxy and to stronger dependence on financial markets. The costs of inaction and the mal-action of business-as-usual are amassing a mountain of social and ecological liabilities. High unemployment, especially among young people, increasing food prices and widespread unfairness have created a climate of social and political tension and unrest in many countries. Around the globe, from Cairo to Manhattan to New Delhi, people are taking to the streets to express their anger about the status quo and their unwillingness to accept it any longer. Their motives and goals may differ according to the unique circumstances they live in – but their demands are all similar: greater justice and more freedom from the pressure of the ‘markets’ and their faithful agents.



Scott Moore

Around the globe, from Cairo to Manhattan to New Delhi, people are taking to the streets to express their anger about the status quo and their unwillingness to accept it any longer.

Why is governance failing us so badly? States have reneged on the democratic values they committed themselves to uphold, and governments have become less accountable to the people. Universal norms and standards are being ignored or sidestepped by new rules that favour markets. Risks are being borne by those who had no role in taking them while a new classification of ‘too big to fail’ has re-ordered the distribution of public resources. We are confronted with a hierarchy of rights, with those protecting human and eco systems relegated to the lowest rungs. This situation finds its parallels in governance at the national and international levels. Further, fragmented global governance has led to failure to see the big picture and a tendency to deal with symptoms, rather than causes.

Decades of wrong-headed policies and the impact of multiple policy failures have inevitably highlighted the role of the state and how important it is. Responses to the failure of the financial system show that the state can act and will act quickly in the face of perceived disaster, with money and policies. But, the required stronger role of the state must be based on democratic legitimacy and accountability – and be balanced by the effective participation of civil society in an autonomously creative role – and not on ‘technocratic knowledge’ that has led to a takeover by a financial-political complex in many countries around the world.

We are living in a period of turmoil, facing societal and ecological disaster. We demand that governments act now, promptly and effectively, in the face of this disaster, using political pathways based on democracy, human rights and planetary solidarity.

2. What went wrong? Root causes of the multiple crises

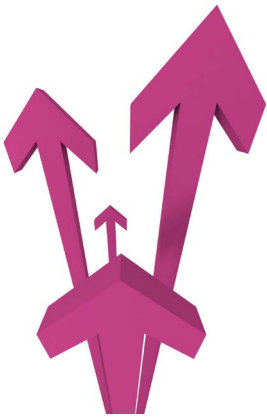
Since the 1980s the world has experienced the dominance of a paradigm of development and societal progress that has been shaped by neoliberal concepts of market self-regulation and an overreliance on economic growth. This paradigm has been oriented on a uniform approach of modernity, has been blind to environmental and human rights concerns, has confused growth of GDP with progress in society, and has regarded poverty as a primarily technical challenge while inequality and social justice have been largely neglected. We are faced with a lack of ethics in the international economy, which has been stimulated by the absence of norms and regulations and, in turn, has boosted speculation and the search for easy, short-term profits.

We need to confront uncritical notions of ‘development’, ‘progress’, ‘modernity’ and ‘growth’ – all concepts defined in a linear mode of thought as normative and absolute paradigms – that reflect structures of power in society and in turn reinforce the dogma of unlimited economic growth.

Economic imbalances and the increased concentration of corporate power

One common root of these dogmatic fallacies is a change in economic thinking that coincided with and was accelerated by the paradigm shifts of the 1980s and 1990s. With the collapse of real socialism, capitalism was rebuilt in a neoliberal manner that favoured deregulation and privatisation. Instead of active policies to achieve prosperity and justice for all as well as to redistribute wealth progressively, many policy-makers and economists supported a system that promised trickle-down wealth based on the assumption of never-ending growth. In fact, this system relied so heavily on growth as the only means of curbing social tensions that it generated a growth obsession. Rather than an attempt to qualify growth or steer it in directions that could have led to more equality or caused less damage to the ecosystems, an economic model emerged that relied exclusively on the growth of GDP.

As one effect of the concentration on GDP growth, policy-makers adopted strategies that favoured the supply side of the economy in order to stimulate the growth of production. At the same time, policies of active deregulation led to massive growth of the financial industry, which outpaced that of the real economy, and made the latter dependent on the former. In effect, world economic structure has shown an accelerated concentration of finance capital versus productive capital. Thus, a growing percentage of earnings comes from investments in



In the search for solutions to the failed concepts and policies, there still seems to be only one on offer: GDP growth.

securities rather than dividends from productive activities. The rise in the value of capital increasingly comes from market funds and speculation rather than earnings from the real economy. As a consequence, the world economy is faced with a two-pronged dependency: on GDP growth and on a thriving financial sector.

A parallel trend in economic development has been the growing concentration of business and market power. Today, the top 10 chemical firms account for about 40 per cent of the market. The world's top 10 energy companies account for 25 per cent of the energy market. The top 10 seed companies account for 73 per cent of the global seed market – just three control more than half (53 per cent).⁵ A recent investigation of the relationships between 43,000 transnational corporations has identified a small group of companies, mainly banks, with disproportionate power over the global economy.⁶ According to this study, *transnational corporations form a giant bow-tie structure and [...] a large portion of control flows to a small tightly-knit core of financial institutions. This core can be seen as an economic "super-entity" that raises new important issues both for researchers and policy makers.*⁷ Ranked highest on the list of corporate 'control-holders' are Barclays plc, Capital Group Companies Inc, FMR Corporation, AXA, State Street Corporation, and JP Morgan Chase & Co. This concentration distorts the functioning of the markets and undermines democratic decision-making processes.

The consequences of this system have been affecting societies around the world. With few exceptions, the winners in the financial system have gained power over societies, economies and governments. They have often managed to change the course of public policies in their interest. But the system has not been sustainable – from any perspective.

When the bubbles of the financial markets burst, from 2007 onwards, the consequences affected all sectors of societies. In an attempt to rescue banks and corporations deemed too big to fail, a number of governments imploded under the weight of the debt crisis that soon followed. Societies were hit by growing unemployment, social security systems were slashed and in many instances public services fell victim to the responses that governments pursued.

In the search for solutions to the failed concepts and policies, there still seems to be only one on offer: GDP growth. From the Organization for Economic Cooperation and Development (OECD) to many govern-

5 Cf. ETC Group (2011), *Who will control the Green Economy?* Ottawa, pp. 10, 11 and 22.

6 Vitali, Stefania/Glatfelder, James B./Battiston, Stefano (2011), *The network of global corporate control*, Zurich: ETH [http://arxiv.org/PS_cache/arxiv/pdf/1107/1107.5728v2.pdf].

7 *Ibid.*, p. 1.

ments in the global South, there is a consensus that only unfettered growth, particularly export-led growth, is the answer to the crises. Yet this recipe has led to social inequality and ecological stress that puts the foundations of global societies and their future at risk. Therefore, it must be questioned.

At the core of the problem lie economic policies trumpeted by corporate interest groups and sold as being for the common good. No other sector in society has gained more rights globally and locally than ‘big business’, be it national or transnational. Except for meek attempts at voluntary self-regulation and corporate social responsibility (CSR), the concentration and exercise of corporate power play a detrimental role in many parts of our world.

The political focus on economic globalisation and deregulated growth has led to marginalisation as it excludes actors in society, mainly poor people, especially women and indigenous peoples, whose priorities are not determined exclusively by the price system. It is time their voices were heard and respected.

We must find new ways to negotiate and determine goals for our societies, instead of listening to the players whose advice has taken us down paths that are unsustainable. For too long, economic policies have been shaped by interest groups outlining policies ‘*without alternatives*’. This goes to the very core of participatory or democratic governance. If there is no alternative, there is no need for deliberation.

A growing percentage
of earnings come from
investments in securities
rather than dividends
from productive
activities.



Box 2

The unresolved financial crisis by Alejandro Chanona Burguete

The August 2007 plunge in the financial market signified the beginning of the worst economic crisis since the 1930s, prompting the major economies to introduce measures to stabilise markets. These measures included an influx of capital to financial markets, intervening in weak financial institutions, and, in the United States, upping deposit guarantees and publicly financed purchases of assets of banks in trouble.⁸ In 2008, the economies rapidly slowed down and the prices of raw materials, fuel and foodstuffs rose, hitting the most vulnerable economies hard and further hampering the fulfilment of the Millennium Development Goals. This crisis is not over but has transformed itself from a subprime mortgage crisis into a sovereign debt crisis, particularly in Europe.

Some elements that triggered the recent economic and financial crisis include:

- › High-risk activities, lack of transparency, feeble regulation and supervision, excessive credit expansion and low quality portfolios;
- › Financial institutions' weak deposit guarantees and management;
- › Speculative increase in securities market prices;
- › Creation of bubbles and economic over-heating;
- › Speculation in financial and currency markets;
- › Increase in budget deficits and public debt;
- › Weakening of labour policies.

Even former U.S. Federal Reserve Chairman Allan Greenspan expressed regret, in a hearing by the House of Representatives Special Committee on the US mortgage crisis in October 2008, that the high-risk financial instruments had not been regulated, and admitted that he *'had put too much faith in the self-correcting power of free markets'*.⁹ But, markets are guided by the logic of profit and thus self-regulation is ineffective and encourages speculation.

The recent crisis has aggravated mistrust in political institutions and politicians who put their own short-term interests before the public's best interest, giving in to the pressure of corporations and rescuing financial institutions at the cost of increasing the public deficit and of further impoverishing the weakest sectors of society. There is a general sentiment that politicians distance themselves from society. Huge social protests against the mismanagement of the crisis started in New York with ordinary citizens mobilising under the motto *'Occupy Wall Street'*. The Occupy movement has since spread over many parts of our world. With the unresolved crisis this global movement will receive further growing support.

8 IMF (2007), *World Economic Outlook October 2007. A Survey by the Staff of the International Monetary Fund* (World Economic and Financial Surveys), Washington, DC.

9 Andrews, Edmund L. (2008), 'Greenspan concedes error on regulation', in *New York Times*, 23 October.

Inequality, poverty and marginalisation

According to the prevailing paradigm, economic globalisation would tend to produce more equality among and within countries. However, actual circumstances show that while globalisation may create greater monetary wealth, its distribution tends to be more unequal, both among the countries of the world and within them. World population today is estimated at 7 billion people; of these, the wealthiest 20 per cent account for 87 per cent of global income while the poorest 20 per cent of world population enjoy less than 1 per cent.¹⁰

While globalization may create greater monetary wealth, its distribution tends to be more unequal, both among the countries of the world and within them.



UN Photo/Eskinder Debebe

Even in OECD member countries the average income of the richest 10 per cent of the population is about nine times that of the poorest 10 per cent. While the ratio is below the OECD average in the Nordic and many continental European countries, it reaches 10 to one in Italy, Japan, Korea, and the United Kingdom; around 14 to one in Israel, Turkey, and the United States; and 27 to one in Mexico and Chile. The Gini coefficient stood at an average of 0.29 in OECD countries in the mid-1980s. By the late 2000s, however, it had increased by almost 10 per cent to 0.32. It rose significantly in 17 OECD countries, climbing by more than four percentage points in Finland, Germany, Israel, Luxembourg, New Zealand, Sweden and the United States.¹¹

Despite such figures presenting factual evidence to the contrary, the myth of ‘popular capitalism’ prevails. It is misleading to suggest that a free-market economy would create a more equal distribution of income and hence contribute towards a more egalitarian society and the eradication of poverty.

¹⁰ Cf. Ortiz, Isabel and Mathew Cummins (2011), *op. cit.*, p. 2.

¹¹ Cf. OECD (2011) *Divided We Stand: Why Inequality Keeps Rising*, Paris, p. 22.

The fight against poverty in the world has not achieved its purported goal; rather, poverty reduction has slowed, and the methods of poverty measurement have been revealed to be deficient. Measuring poverty in monetary terms yields ‘upbeat’ results, as from the World Bank, which asserts that the number of people living below the extreme poverty line of US\$1.25 per day dropped from 1.94 billion in 1981 to 1.29 billion in 2008. But a closer look reveals a different picture: According to the World Bank, China had 663 million fewer people living on less than US\$ 1.25 a day in 2008 than 1981, while the total poverty count in all other countries of the global South was around 1.1 billion people in 2008, roughly the same as in 1981. Furthermore, there was only a small drop in the number of people living on less than US\$ 2 per day, from 2.59 billion in 1981 to 2.47 billion in 2008.¹²

As long as the structural problems of inequitable distribution of income and wealth are not tackled, it will be difficult to advance in the fight against hunger and poverty.

Economic growth and monetary stability per se are insufficient to reduce poverty. As long as the structural problems of inequitable distribution of income and wealth are not tackled, it will be difficult to advance in the fight against hunger and poverty. It is necessary to develop a comprehensive and multidimensional vision that recognises the interconnections between development, equity and the environment; these interconnections are encapsulated in the concept of sustainable development.



UN Photo/Albert Gonzalez Farran

Above: Children at school in Arabashir village near El Fasher, North Darfur.

¹² World Bank (2012), *New Estimates Reveal Drop In Extreme Poverty 2005-2010*, Washington, DC. [<http://go.worldbank.org/4KoEJIDFAo>].

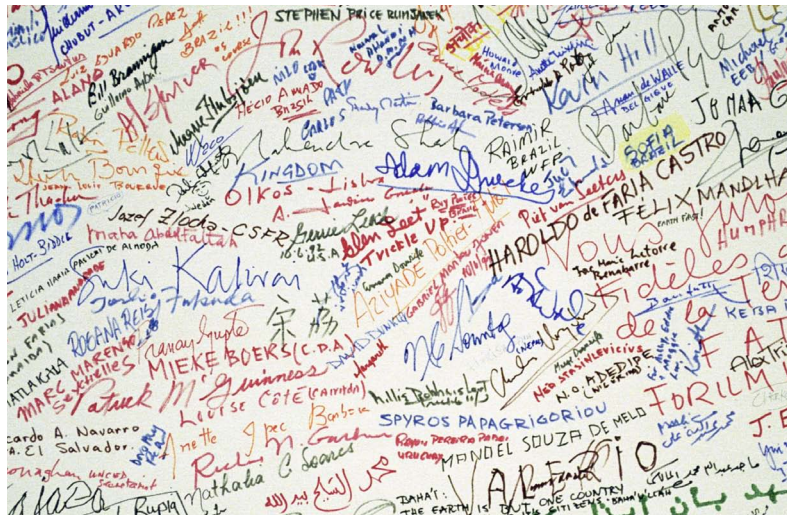
3. Towards a new narrative of sustainability

Since the 1970s, a plethora of studies, international working groups, conferences and scholars has pointed to the fact that planet earth will not be able to accommodate our present patterns of production and consumption.

As early as October 1974, social and natural scientists and economists from all over the world appealed to the global public at a symposium in Mexico's Cocoyoc: *'We are all in need of a redefinition of our goals, or new development strategies, or new lifestyles, including more modest patterns of consumption among the rich.'*¹³

In 1987, the World Commission on Environment and Development published its Brundtland Report, a milestone in the discourse about sustainable development that combined the notion of growth and development with the idea of an ecological, non-destructive economy.¹⁴ According to the report, *'sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs'*.¹⁵ But this definition was vague and diffuse, allowing various interpretations and eventually giving rise to manifold alternative definitions of sustainable development.

Some of the many signatures by participants at the 1992 Earth Summit who signed the Earth Pledge and promised to 'help make the Earth a secure and hospitable home for present and future generations'.



UN Photo/Michos Tzovaras

13 Quoted in www.unep.org/Geo/geo3/english/O45.htm.

14 World Commission on Environment and Development (1987), *Our Common Future: Report of the World Commission on Environment and Development* [www.un-documents.net/wced-ocf.htm].

15 *Ibid.*, Part I, Chapter 2, IV.1.

In 1992, at the UN Conference on Environment and Development in Rio de Janeiro ('*Earth Summit*'), governments agreed on sustainable development as the leading political concept. They adopted Agenda 21, a comprehensive action plan to achieve sustainable development worldwide. Although a consensus definition of sustainable development was still lacking, the conference gained tremendous publicity and it had invaluable influence on policy thinking. However, Agenda 21 reflected not only the lack of consensus but also the contradictions in the political implementation of the sustainable development approach. While, on the one hand, Agenda 21 emphasised the need to change consumption and production patterns in rich countries, it promoted, on the other hand, economic growth, free trade and strengthening the role of business and industry without questioning their contribution to harmful consumption and production patterns.

Insufficient steps towards sustainability

In the 1990s the United Nations became the main forum for the development discourse based on human well-being and dignity. The declarations and action plans formulated in a series of global conferences stressed the importance of putting people at the centre of the development process, the need to foster comprehensive programmes to meet basic human needs, and the commitment to reduce inequalities and to protect the environment.¹⁶

At the end of the 1990s the ethical crisis of neoliberal economic globalisation became more visible. Social inequalities deepened between North and South and within countries, the role of the state as a guarantor of the common good eroded, and economic crises recurred at shorter intervals. Challenging these crises, social justice movements arose to claim that '*another world is possible*'.

The 189 countries gathered at the Millennium Summit in 2000 stressed the issues of global inequality, poverty and human rights. They also addressed the central issues of UN reform, peace, security and disarmament, the fight against HIV/AIDS, environmental protection, and the special needs of Africa. The Millennium Declaration laid out fundamental values essential to international relations in the 21st century, but governments have failed to translate these values into a comprehensive

In the 1990s the United Nations became the main forum for the development discourse based on human well-being and dignity.



UN Photo/Evan Schneider

Above: The United Nations expresses its gratitude to the City of New York for hosting the Millennium Summit by spelling out "Thank you" in lights on its Secretariat Building on 10 and 11 September, 2000. Nearly 150 world leaders gathered at the United Nations for the Summit.

¹⁶ For example: On food (International Conference on Nutrition 1992 and World Food Summit in Rome 1996), human rights (World Conference on Human Rights in Vienna, 1993), population (International Conference on Population and Development in Cairo, 1994), housing (Second UN Conference on Human Settlements, or HABITAT II in Istanbul, 1996), social development (World Summit on Social Development in Copenhagen, 1995), and gender equality (Fourth World Conference on Women in Beijing, 1995).

set of political goals and strategies. Instead, they have agreed on a minimum set of Millennium Development Goals (MDGs), addressing only a fraction of the breadth of the Millennium Declaration.

The 2002 Johannesburg Summit renewed the commitment to sustainable development. But, again, governments failed to translate these commitments into effective policies and actions. Instead, instances of ‘green wash’ have proliferated, while dangerous climate change, the depletion of natural resources and the loss of biodiversity have accelerated.

According to the International Energy Agency (IEA), global primary energy demand rose by a remarkable 5 per cent in 2010, pushing CO₂ emissions to a new historic high. Subsidies that encourage wasteful consumption of fossil fuels jumped to over US\$ 400 billion.¹⁷ Nevertheless, the number of people without access to electricity remained 1.3 billion. The IEA expects that, by 2030, global energy demand will rise by 45 per cent, and emissions will, *ceteris paribus*, increase in the same proportion.¹⁸

The effects of climate change are a reality. In the last century, global sea levels rose by 17 centimetres.¹⁹ The continental mass of Antarctica has been losing more than 100 cubic kilometres of ice per year since 2002.²⁰ Since the beginning of the industrial revolution, the level of acidity of surface ocean waters has increased by 30 per cent.²¹

Scientific evidence gathered by the Intergovernmental Panel on Climate Change (IPCC) has led to forecasts of massive regional impacts of global warming. For instance, in Latin America there will be biodiversity losses in tropical areas such as the Amazon. Europe will suffer from more frequent flooding, erosion from storms and sea level rise, as well as from a reduction of crop productivity. In Africa access to water will decrease, causing a reduction by up to 50 per cent of rain-fed agriculture, decreased agricultural production and a growing food crisis. In Asia freshwater availability will decrease, as coastal areas experience flooding.²²



Thomas Warm

IPCC has forecast massive regional impacts of global warming. For instance, Europe will suffer from more frequent flooding, erosion from storms and sea level rise.

17 Cf. IEA, OPEC, OECD and World Bank (2011), *Joint report by IEA, OPEC, OECD and World Bank on fossil-fuel and other energy subsidies: An update of the G20 Pittsburgh and Toronto Commitments, Prepared for the G20 Meeting of Finance Ministers and Central Bank Governors (Paris, 14-15 October 2011) and the G20 Summit (Cannes, 3-4 November 2011)*, Paris.

18 Cf. International Energy Agency (2010), *World Energy Outlook 2009*, Paris: OECD/IEA.

19 Cf. Church, J. A. and N. J. (2006), ‘A 20th century acceleration in global sea level rise’, in *Geophysical Research Letters*, 33, L01602 [<http://climate.nasa.gov/evidence/>].

20 NASA’s *Gravity Recovery and Climate Experiment* [<http://climate.nasa.gov/keyIndicators/index.cfm#landIce>]

21 Cf. www.pmel.noaa.gov/co2/story/What+is+Ocean+Acidification%3F.

22 Cf. IPCC (2007), *Summary for Policymakers. Synthesis Report* [www.ipcc.ch].

Building a holistic concept of sustainability

To date, a holistic approach of sustainability has not been adopted for action. It is necessary to redefine, for public policy and public life, the concepts of development and well-being, along with their content, their metrics and their strategies. We need to build a new narrative of development and sustainability that can permeate daily life, public and social arenas, and bilateral, regional and multilateral forums, and that can be incorporated into the discourse of national and global politics and policies.

The entire process must have strong participation of citizens, civil society organisations (CSOs) and the academic community. They can bring valuable knowledge and experience to achieve a clear definition of concepts and indicators; they can monitor and evaluate public policies; and they are indispensable in promoting transparency, accountability and social dialogue.

The international community must deepen the understanding of sustainable development in all its dimensions. The challenge is to surpass traditional measurements based on minimalist and simplistic criteria. A paradigm shift suggests the need to surpass non-comprehensive and short-term strategies and take steps towards building equitable, inclusive societies that are committed to the welfare of the population and are based on human rights. We agree with the UN High Commissioner for Human Rights in her understanding of a rights-based development approach:

A human rights-based approach compels a fuller appreciation of the political dimensions of development. Programming is thus directed to supporting States in identifying the root causes of the non-realization of human rights – entrenched patterns of discrimination, clientelism and poor governance – and in addressing them. This calls for a better understanding of the authority, motivation and resources required to produce social change, involving awareness-raising, advocacy, social mobilization and empowerment over and above more traditional capacity-building and service delivery. Broad alliances and new partnerships may be needed to address such challenges, finding a workable balance between constructive engagement with national partners and, where needed, principled advocacy.²³

Sustainability requires a broad-based agreement on policies that all countries should implement and a commitment to use specific indicators to measure societal progress. These policies should contemplate

²³ Office of the High Commissioner for Human Rights (2006), *Frequently Asked Questions on a Human Rights-Based Approach to Development Cooperation*, Geneva, p. 20.

A new development paradigm grounded in the logic of sustainability and human rights will require a redefinition of the role of the state, civil society and the private sector.

short-, medium- and long-term goals and should be developed with a cross-cutting focus in order to address all dimensions of sustainable development. However, governments should avoid adopting a one-size-fits-all approach and instead align their policies to the specific situation in each country.



frostis (flickr)

A new development paradigm grounded in the logic of sustainability and human rights will require a redefinition of the role of the state, civil society and the private sector. The state should play a key role in promoting sustainability and welfare and has to be reaffirmed as indispensable actor, setting the legal frame, enforcing standards of equity and human rights, and fostering long-term ecological thinking, based on democratic legitimacy. First and foremost, this requires reconfirming the framework of universal principles and rights, and recognising the ecological limits of the planet.

Box 3

Strengthening the state – but what kind of state?

by Henning Melber

The state as a centralised institution with a bureaucracy staffed by civil (public!) servants emerged as a result of the separation between politics and economy. The main feature of the state is that it is not 'owned' by any individual or group, even though it is never neutral and is quite often partisan. It nonetheless often bases its legitimacy on the claim to be a 'neutral' broker between conflicting interests. The state justifies its existence as a regulating body, seeking to represent and reconcile different agencies in an abstract general public interest. At the same time the state and its bureaucracy are an engine and instrument to structure and (re-)direct social development within a defined territorial space. The United Nations is based on the equation that people in a sovereign territory have a state, which represents the country both in domestic as well as in international affairs.

Governments represent the interests of their states, which in turn claim to represent the majority of people in their countries. Often, however, governments exercise power and major influence over state policies without representing the majority. Other governments, having a democratic mandate based on free and fair elections, do not represent the interests of a majority of the electorate voting them into political power. Despite their claims for autonomy from daily politics, and justifying their existence beyond governments, states reflect the power relations as expressed in both political as well as economic relations. States as a 'material condensation' are a mirror image of a constellation of interests as represented by social classes and other agencies and lobby groups. The state is not a monolithic entity but a strategic arena. As a cohesive factor, the state seeks to reconcile antagonistic forces within a given society and to create a common reference point for identification. As a factor of domination, though, the state often forces the interests of an elite upon society. Often, influential business elements have gradually taken over the power of definition as to what should be the role of the state in development and the kind of development. In 1997, a report prepared by the United Nations Secretariat, entitled *Rethinking the state for social development*, reminded us that, '*the goals and functioning of social management cannot be equated with business logic. Much more needs to be done to ensure such essential aspects as access, equity, sustainability and efficiency.*'²⁴

A responsible state acting in the public (that is, general) interest will have to introduce measures that contribute to the general security and well-being of all people living in the territory it represents. This includes protection against the abuse of access to public goods and the protection of non-renewable natural resources to minimise if not to eliminate practices for the benefit of some at the expense of others. This applies especially in the case of indigenous peoples who suffer marginalisation and are subject to states that are complicit with corporate encroachment upon their ancestral territories and means of livelihood through land-grabbing and general dispossession. Laws are among the instruments a state has, as well as tax policy. A *responsible* state needs to be a *courageous* state, confronting forces that disempower its people(s) by trusting the soundness of their knowledge of wise inhabitation of its lands, and generally contributing to a long-term sustainable perspective of human beings and their ecosystem (nature and all other forms of life). Its legitimacy lies in its contribution to local and global equality and justice, its sense of awareness and solidarity that sustainable development needs to be development for all, both locally and globally, and cannot take place at the expense of others, be it in their own country or elsewhere.

24 Group of Experts on the United Nations Programme on Public Administration and Finance (1997), *Rethinking the State for Social Development* (ST/SG/AC.6/1997/L.8), New York, para. 82.

II » The fundamentals of sustainability: Reconfirming rights, recognising limits, redefining goals

4. Reconfirming the framework of universal principles and rights

Every concept of development, well-being and progress in societies is based on a set of fundamental principles and values. These values are rooted deeply in our cultures, our ideologies and our belief systems. We are convinced that there is a set of universal principles and values that is shared by most of us. Common principles and values build the foundation of societies. We acknowledge the diversity of cultural expressions as a value in itself that has to be protected and promoted. In times of globalisation and growing global interrelationship between societies, economies and people, universally agreed principles are the precondition for living together in justice and peace and in harmony with nature.

Core principles as common ground

There is no need to invent new principles and values of this kind. In national constitutions as well as in various international treaties, declarations and policy statements of the United Nations, governments have agreed upon certain fundamental principles, which are essential to internal and international relations. These principles and values are shared across a wide range of societies and communities. While their codification happened ‘top down’, their formulation as well as their application were generated ‘bottom up’. We propose the following set of eight principles as the foundation for a new sustainability rights framework:

- » **Solidarity principle.** Solidarity has been a widely accepted principle in many national constitutions to govern the relationship of citizens within a country. Central to this concept is the equality of persons and their shared responsibility for a common good. In the notion of solidarity, assistance is not an act of charity, but a right of every woman, man and child. Solidarity differs radically from charity and philanthropy. In times of globalisation, this concept has been



Linden Laserna

Universally agreed principles are the precondition for living together in justice and peace and in harmony with nature.

transferred to the international level. In the Millennium Declaration, governments listed solidarity as one of the core values: *‘Global challenges must be managed in a way that distributes the costs and burdens fairly in accordance with basic principles of equity and social justice. Those who suffer or who benefit least deserve help from those who benefit most.’*²⁵ Today, the notion of solidarity is accepted as a key principle in various international agreements such as the United Nations Convention to Combat Desertification, of 1994.

- » **‘Do no harm’ principle.** Originally a key principle of medical ethics reflected in the promise of the Hippocratic Oath *‘to abstain from doing harm’*, this principle has become relevant to other areas. For instance it has been included in humanitarian principles of UNICEF since 2003 and has been adopted in a code of conduct by major humanitarian organisations. In essence, the commitment to implement policies in a way that they do no harm to people or nature should be regarded as a guiding principle in all policy areas and at all levels.
- » **Principle of common but differentiated responsibilities.** This principle marks one of the milestones of the Rio Declaration of 1992. Its Principle 7 states: *‘In view of the different contributions to global environmental degradation, States have common but differentiated responsibilities. The developed countries acknowledge the responsibility that they bear in the international pursuit of sustainable development in view of the pressures their societies place on the global environment and of the technologies and financial resources they command.’*²⁶ For the first time in history, governments recognised their differential present and historical contribution to environmental degradation and, thus, their differential obligation to pay for the remediation and mitigation. By including the historical dimension it goes beyond the principle of ‘special and differential treatment’ based on economic capabilities and needs, as contained in World Trade Organisation agreements. The principle is a key element of the Kyoto Protocol but its application must not be limited to the climate negotiations. The principle of course applies on sub-national and even communal level as well: those who can bear more burdens have to contribute more to the well-being of their communities – be that through progressive taxation or through practical action.
- » **‘Polluter pays’ principle.** The message of this principle is that the costs of pollution have to be borne by those who cause it. This principle has been part of international environmental law since

25 UN General Assembly (2000), *United Nations Millennium Declaration* (UN Doc. A/RES/55/2), para. 6.

26 UN General Assembly (1992), *Rio Declaration on Environment and Development* (UN Doc. A/CONF.151/26 (Vol. I)).



Klaas de Gelder

The principle of common but differentiated responsibilities is a key element of the Kyoto Protocol but its application must not be limited to the climate negotiations.

the 1970s, and was reaffirmed in the Rio Declaration, Principle 16: *'National authorities should endeavor to promote the internalization of environmental costs and the use of economic instruments, taking into account the approach that the polluter should, in principle, bear the cost of pollution [...]'*²⁷ While this principle is widely acknowledged in international environmental law, it should be applied in other areas as well. In the context of the recent financial crisis, many asked for the 'polluters' – that is, the banks and the financial industry – to bear the costs of the crisis. As European Commissioner Michel Barnier said: *'I believe in the "polluter pays" principle. We need to build a system which ensures that the financial sector will pay the cost of banking crises in the future.'*²⁸

- » **Precautionary principle.** This principle states that, in the absence of a scientific consensus, if an action or policy has a suspected risk of causing harm to people or nature, the burden of proof that it is not harmful falls on the proponents of this action or policy. It is also laid down in the Rio Declaration, which says in Principle 15: *'In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.'*²⁹ It is also part of the UN Framework Convention on Climate Change (Article 3.3.) that was negotiated in parallel with the Rio Declaration and adopted in 1992. Since Rio this principle has

²⁷ *Ibid.*

²⁸ http://ec.europa.eu/news/economy/100526_en.htm

²⁹ UN General Assembly (1992), *Rio Declaration on Environment and Development* (UN Doc. A/CONF.151/26, Vol. I).

been incorporated into many other international agreements, such as the Cartagena Protocol on Biosafety in the year 2000, with regard to the transboundary movement of living modified organisms.

- » **Subsidiarity principle.** According to this principle political decisions must always be taken at the lowest possible administrative and political level, and as close to the citizens as possible, in order to ensure that women and men fully participate in decision-making. This idea is a core element of concepts of federalism and one of the central principles in the treaties of the European Union. Indigenous peoples regard this principle as an essential tool to preserve their identity, diversity and cultures. The principle recognises the inherent democratic right to self-determination for people, communities and nations, but only as long as its exercise does not infringe on similar rights of others. Therefore, it must not be misused as an argument against central governmental action at national or international levels, but must always be applied in combination with the other principles, in particular the solidarity principle.
- » **Principle of free, prior and informed consent.** According to this principle communities have the right to give or withhold their consent to proposed projects and actions by governments or corporations, that may affect their livelihood and the lands they customarily own, occupy or otherwise use. This principle is a key element of the United Nations Declaration on the Rights of Indigenous Peoples from 2007 and recognised in the ILO Convention on Indigenous and Tribal Peoples in Independent Countries (169/1989). However, this principle is not limited to the rights of indigenous peoples. It is also laid down in the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, of 1998. This convention provides, *inter alia*, for importing countries to receive information on a chemical being exported from a country that has banned or severely restricted it for health or environmental reasons.
- » **Principle of peaceful dispute settlement.** This principle is a core element of the UN Charter, which says in Article 2: '*All Members shall settle their international disputes by peaceful means in such a manner that international peace and security, and justice, are not endangered.*' In the Manila Declaration of 1982 governments reconfirmed that the peaceful settlement of disputes should represent one of the central concerns for states and for the UN.³⁰ Deriving from the most basic human right to a dignified life, this principle also applies to the relationships between states and people as well as among people themselves.

³⁰ UN General Assembly (1982), *Manila Declaration on the Peaceful Settlement of International Disputes* (UN Doc. A/RES/37/10).

These eight principles should build the cornerstones of a universal sustainability rights framework. They are interconnected and must not be applied in isolation.

In addition to the core set of universal principles, there are fundamental values, which are also essential to international relations. Governments referred to some of them in the Millennium Declaration. They include, *inter alia*:

- » **Freedom.** Men, women and children have the right to live their lives in dignity, free from hunger and from the fear of violence, oppression or injustice. Democratic and participatory governance based on the will of the people best assures these rights. But there are limits to freedom – namely where the freedom of our peers is touched. ‘Freedom is always the freedom of dissenters’ (Rosa Luxemburg). And freedom has its limits in the principle of ‘do no harm’.
- » **Equality.** No individual and no nation or group must be denied the opportunity to participate in and to benefit from development. Equal rights and opportunities of women and men must be assured. Equality includes the concept of intergenerational justice – that is, the recognition that the present generation shall only meet its needs in a way that does not compromise the ability of future generations to meet their own needs (see Box 4).
- » **Diversity.** Human beings must respect one another, in all their diversity of belief, culture, language, looks, sexual orientation and gender. Differences within and between societies should be neither feared nor repressed, but cherished as a precious asset of humanity. A culture of peace and dialogue in mutual learning should be actively promoted.
- » **Respect for nature.** Respect must be shown in the conduct towards all living species, the use of natural resources, and the ecosystems as a whole. Only in this way can the immeasurable riches provided to us by nature be preserved and passed on to our descendants. The current unsustainable patterns of production and consumption must be changed in the interest of our future welfare and that of our descendants. Respect for nature means much more than sound management of the human environment: it means that all living species have intrinsic rights. They should not be regarded as objects of human interaction but as subjects whose value goes beyond use and exchange. This understanding of nature as a living system is reflected in the thinking and belief systems of indigenous peoples, for instance in the concept of *Buen Vivir* (see Box 4).

Equality includes the concept of intergenerational justice – that is, the recognition that the present generation shall only meet its needs in a way that does not compromise the ability of future generations to meet their own needs.



Box 4

The concept of *Buen Vivir* by Jorge Ishizawa

In a recent meeting of the members of the *Suma Uta* network of community elders to exchange views on *Buen Vivir* or *Suma Jakaña* ('virtuous walking' in Aymara), each of the 15 participants, women and men, provided a different version emphasising what they considered its main characteristic. Finally they all agreed that each of the 15 definitions was essential to the understanding of what *Suma Jakaña* actually is. If only one of them was left out, they said, it would not be *Suma Jakaña*. The lesson one can distil from this exercise is the futility of attempts at a precise, hence limited and limiting, definition, and the impossibility of encapsulating lively mutual learning in the framework of planning aimed at externally fixed objectives.

In their co-authoring of a notion of *Buen Vivir*, the *Suma Uta* elders would have agreed with David Choquehuanca, the widely respected Bolivian foreign minister, who has been reported as saying that '*Vivir Bien means sharing [...] living in community, in fraternity and, especially, in complementarity [...] not competing, living in harmony among peoples and with nature, producing for our needs protecting the environment [...] [to] recover the health of Mother Earth.*'³¹

Buen Vivir is thus not a utopia. It is a personal experience lived within communities that share a culture, a cosmovision and a way of life. Even if it is a culture-specific expression of the wisdom of the indigenous peoples of the central Andes, the notion of *Buen Vivir* understood as good living inheres in all cultures. Its present celebrity should serve as a reminder of its absence in the dominant development discourse where it should squarely belong as the central component of the now invisible cultural pillar of sustainability. In consequence, in the central Andes, *Buen Vivir* is tantamount to sustainable development.

Along with community, another abiding feature of definitions of *Buen Vivir* in the central Andes is its constant association with living in peace. Peace appears to be the transcultural context in which good living is experienced by the local communities and may thus provide an indispensable platform for intercultural dialogue regarding sustainability.³²

As a working concept, *Buen Vivir* has been applied in framing the constitutions of two central Andean countries: Ecuador (2008) and Bolivia (2009). As such it has mainstreamed in public consciousness the questioning of the belief that economic growth, tantamount to 'living better', necessarily leads to *Buen Vivir*. For the indigenous peoples of the central Andes, it has made clear, on the contrary, that growth based on the exploitation of natural resources means the loss of access to their ancestral lands, and thus, the demise of a mode of living that has proved to be sustainable over millennia.

31 Albó, Xavier (2011), *Del Desarrollo Rural Al Buen Vivir*. International Seminar 'Desarrollo Rural y Economía Campesina Indígena'. La Paz and Santa Cruz: CIPCA, p. 12.

32 Cf. Dietrich, Wolfgang et al. (eds.) (2011), *The Palgrave International Handbook of Peace Studies: A Cultural Perspective*, London.

Turning principles and values into rights

While all governments agreed to these principles and values in general, they have mostly failed to translate them into enforceable obligations and specific policies. If governments had taken the solidarity principle seriously, poverty and hunger could have been reduced dramatically; if they really accepted the principle of common but differentiated responsibilities, the Copenhagen climate summit would not have ended in such a disaster; and had they complied with the precautionary principle, nuclear catastrophes such as those of Chernobyl and Fukushima could have been avoided.

In order to ensure the functioning of a society and create safeguards against tyranny, values have to be translated into law, rights and legally binding obligations. At the international level, the human rights system plays a key role in turning moral values into legal rights. Of particular importance is the International Bill of Human Rights, which includes the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights. Equally significant are the Convention on the Elimination of all Forms of Discrimination against Women and the UN Convention on the Rights of the Child. More recently, these key documents have been complemented by the Convention on the Protection and Promotion of the Diversity of Cultural Expressions (2005) and the UN Declaration on the Rights of Indigenous Peoples (2007). Together with the Declaration on the Right to Development (1986) and complemented by the core set of principles we have mentioned above, these documents form the normative framework of a holistic concept of sustainability, well-being and societal progress.

While the norms of the international human rights system are generally accepted and ratified by most countries of the world, there is still a huge implementation gap. Even worse: while states and their organs at national and international levels have too often failed to respect, protect and fulfil human rights, over the last two decades they have strengthened corporate rights and the rights of capital. They promoted the free movement of capital, but restricted the free movement of people; they strengthened the rights of transnational investors, but weakened the rights of people affected by these investments. Transnational corporations may nowadays sue governments at international fora for any change in the rules, including health regulations, that affect their actual or planned profits, but people are hindered from suing companies for the pollution and other harmful practices inflicted upon them. There is an urgent need to rebalance rights – that is, to reclaim human

rights as the normative foundation of policy, and to roll back the rights of capital in relation to the rights of people.

While the norms of the international human rights system are generally accepted and ratified by most countries of the world, there is still a huge implementation gap.

There are not only gaps in the implementation of rights but also gaps in the international rights system itself. Certain principles and values, such as the principle of intergenerational justice and respect for nature are not yet explicitly translated into (codified) rights. There is a need for intensified debate and research on how to include the concepts of the rights of nature and intergenerational justice in the international normative system and turn them into practice.



Above: Crowds of locals surround the recently-dispatched UN monitoring team as they walk through the streets of Homs, Syria. The team is tasked with reporting on the cessation of violence between government and opposition forces.

To translate fundamental principles into internationally agreed rights and obligations is only the first step. The next is to formulate political goals and strategies to implement these rights. Here, public policies play a crucial role. Democratically legitimised public authorities, particularly governments and parliaments, have the main obligation to implement a culturally sensitive rights-based approach of sustainability, well-being and societal progress. They must not transfer this obligation to the private sector or to civil society.

Box 5

Intergenerational justice by George Chira

Intergenerational justice is a concept that spans various sectors of social life and interaction. It is particularly a part of environmental concerns with regard to global warming and climate change, but also addresses social justice concerns and youth and children's rights. It is a concept of fairness and equitable rights between generations – children, youth and adults – as well as between present and future generations.

The concept of intergenerational justice, which actually underlies various theories of justice, was put forth explicitly by economist James Tobin in 1974. He argued that '*the trustees of endowed institutions are guardians of the future against the claims of the present. Their task in managing the endowment is to preserve equity among generations.*'³³ The unsustainable use of natural resources thus leads to intergenerational injustice.

What is essential, however, is agreement on the proper distributive shares. According to philosopher John Rawls '*the principles of justice simply are the principles for regulating distribution that will be chosen by people in a society where the circumstances of justice hold*'.³⁴ Each generation must put aside a suitable amount of capital, in return for what it received from previous generations, that enables the later ones to enjoy a better life in a more just society. Hence justice considerations apply to relations that are beyond the present one. This is particularly true in the case of distributive justice. In some sense the present generation exercises power over the future ones and has the possibility of using up resources in such a way that it negates the rights of future generations.

The idea of intergenerational justice already emerged at the Stockholm Conference in 1972 and has been debated since at various fora and on various occasions. The Brundtland Commission referred to this idea when it stated: '*We borrow environmental capital from future generations with no intention or prospect of repaying [...] We act as we do because we can get away with it: future generations do not vote; they have no political or financial power; they cannot challenge our decisions.*'³⁵

A few years later, governments summarised the spirit of the commitment to the future in Principle 3 of the Rio Declaration: '*The right to development must be fulfilled so as to equitably meet developmental and environmental needs of the future generations.*'³⁶ The same spirit prevailed in the deliberations at Kyoto in 1997. But since then there has not been much evidence of practical progress.

The urgent concern is to strike a sustainable relationship between nature and humans for the benefit of future generations. One important step towards safeguarding the rights of future generations would be the establishment of Ombudspersons for Future Generations at local, national and international levels. They could build an important element in the Institutional Framework for Sustainable Development.

33 Tobin, James (1974): 'What Is Permanent Endowment Income?' in *American Economic Review* 64, May 1974.

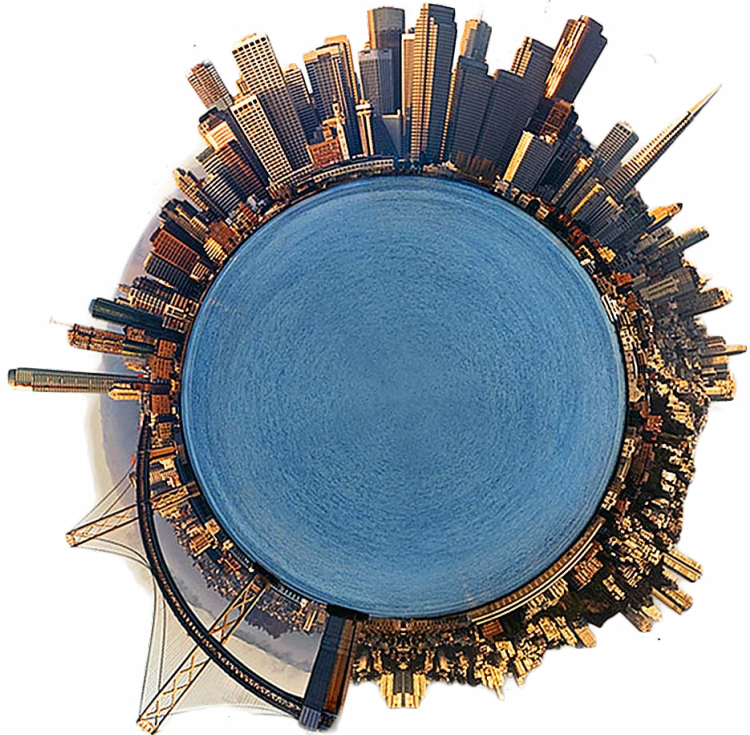
34 Rawls, John (1971): *A Theory of Justice*, Cambridge, MA.

35 World Commission on Environment and Development (1987), *Our Common Future* (UN Doc. A/42/427), Overview, para. 25.

36 UN General Assembly (1992), *Rio Declaration on Environment and Development* (UN Doc. A/CONF.151/26, Vol. I).

5. Recognising the planetary boundaries and strategies to operate within environmental limits

Humanity has already transgressed three of the nine so-called 'planetary boundaries': the rate of biodiversity loss, climate change and nitrogen input to the biosphere.



Stephen Desroches

All human life is ultimately based on the integrity of the global ecosystem. Ongoing destruction of nature, overconsumption of resources and excessive greenhouse gas emissions are now on a scale where damage is becoming irreversible. Humanity has already transgressed three of the nine so-called '*planetary boundaries*' identified by Johan Rockström et al: the rate of biodiversity loss, climate change and nitrogen input to the biosphere.³⁷ Other boundaries may be exceeded in the nearer future, in particular those for global freshwater use, change in land use, ocean acidification and interference with the global phosphorous cycle. If current trends continue we will have to face abrupt global environmental change, with detrimental consequences for people and the planet.

37 Rockström, Johan et al. (2009), 'Planetary Boundaries: Exploring the Safe Operating Space for Humanity', in *Ecology and Society* 14(2): 32 [www.ecologyandsociety.org/vol14/iss2/art32/].

Humanity has to leave this destructive development path, respect the planetary boundaries and operate within environmental limits. Acknowledging that humanity also wants to increase economic and social well-being, we need a massive and absolute ‘decoupling’ of well-being from resource extraction and consumption.

Is the ‘green economy’ the new panacea for halting environmental destruction?



The notions of ‘green economy’, ‘green growth’, ‘global green new deal’, ‘green transition’, ‘green development’ and ‘low-carbon economy’ have prominently entered the global policy debate over the last few years.

The notions of ‘green economy’, ‘green growth’, ‘global green new deal’, ‘green transition’, ‘green development’ and ‘low-carbon economy’ have prominently entered the global policy debate over the last few years. The concepts behind these notions are to a large extent overlapping, and the notions themselves are often used interchangeably. They also depend on the context in which they are discussed.

The ‘Global Green New Deal’ came up in the debate about ‘greening’ the fiscal stimulus programmes in response to the financial crisis of 2007/2008, suggesting a deliberate analogy with Roosevelt’s ‘New Deal’ of the 1930s. The OECD’s Green Growth Strategy seeks to ‘*devise new ways of ensuring that the growth and progress we have come to take for granted are assured in the years to come*’. To the OECD, ‘green growth’ means ‘*fostering economic growth and development, while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies*’.³⁸

In the UN context the notion of a ‘green economy’ is being used. The ‘green economy in the context of poverty eradication and sustainable development’ has become one of two key themes for the Rio+20 Summit in June 2012. The United Nations Environment Program (UNEP) has defined the green economy as ‘*one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities*’ – that is, an economy that is ‘*low-carbon, resource efficient and socially inclusive*’.³⁹

A similar, albeit much more cautious definition is offered by Martin Khor, executive director of the South Centre, who states that ‘*[a] “green economy” gives the impression of an economy that is environmentally-friendly, sensitive to the need to conserve natural resources, minimise pollution and emissions that damage the environment in the production process, and produces products and services the existence and consumption of which do not harm the environment*’.⁴⁰

38 OECD (2011), *Towards green growth – A summary for policy makers*, Paris, p. 6.

39 UNEP (2011) *Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication – A Synthesis for Policy Makers*, Nairobi, p.2 [www.unep.org/greeneconomy].

40 Khor, Martin (2011), ‘Challenges of the Green Economy Concept and Policies in the Context of Sustainable Development, Poverty and Equity’, in *The Transition to a Green Economy: Benefits, Challenges and Risks from a Sustainable Development Perspective*, Report by a Panel of Experts to Second Preparatory Committee Meeting for United Nations Conference on Sustainable Development, p. 69.

To date there is no unique definition for the ‘green economy’, nor does the concept enjoy widespread international recognition. But what the concept basically denotes is the ideal of an economic model capable of delivering the material conditions for a decent life for all without transgressing the tolerance levels of the biosphere. The underlying assumption to this is that by employing the right kind of strategies, possible trade-offs between economic growth and development, individual well-being and social progress on the one hand and environmental protection on the other can be overcome, and that a win-win-situation for the economy and the environment can be created.

Outright critics of the concept look at it from a completely different angle. Social movements at the Thematic Social Forum in Porto Alegre in January 2012 criticised the ‘green economy’ as a means of ‘commodification’ and ‘financialisation’ of nature. They see the green economy agenda as *‘an attempt to expand the reach of finance capital and integrate into the market all that remains of nature. It aims to do this by putting a monetary “value” or a “price” on biomass, biodiversity and the functions of the ecosystems – such as storing carbon, pollinating crops, or filtering water – in order to integrate these “services” as tradable units in the financial market’*.⁴¹

From this point of view, instead of providing a solution to the lack of sustainability of current production and consumption patterns, the ‘green economy’ will lead to even more resource depletion, biodiversity loss and environmental degradation, threatening the livelihood of poor and indigenous populations for the benefit of big multinational corporations, speculators, and so on. By implication, attributing a monetary value to ‘ecological bads’ or ‘natural liabilities’ like carbon emissions does not provide any of the answers to the sustainability challenge.

Also, this critique seems to more or less equate the ‘green economy’ with a free market for nature. While some of the promoters of the ‘green economy’ might exactly have that in mind, this is not necessarily the implication of the concepts of UNEP and others.

On the other hand, it is not at all clear what value the concept of a ‘green economy’ could add to the already existing concept of ‘sustainable economy’. Instead, it creates confusion and suspicion as to the real motives behind this perceived change in discourse. In addition, the focus on ‘green’ tends to largely downplay, ignore or even distract from other aspects of sustainability, and its social and cultural dimensions in particular.

41 Aguiton, Christophe (2012), *Is the Green Economy a new Washington Consensus?* [<http://gearsofchange.wordpress.com/2012/03/06/is-the-green-economy-the-new-washington-consensus/>].

Strategies towards a sustainable economy within planetary boundaries

Over the past two centuries, since the first industrial revolution, exponential growth of the world population and per capita income went hand in hand with an exponential increase in energy and resource use, waste and the emission of pollutants including greenhouse gases. The close correlation between these increases is indeed striking. If the world were to continue on the same development path it would inevitably surpass the Earth's capacity as a source of life and exceed the 'planetary boundaries'. This would be the end of the forms of life we know.



UN Photo/Eskinder Debebe

Secretary-General Ban Ki-moon addresses the annual Global Green Growth Forum (3GF), co-hosted by the Governments of Denmark, Mexico and Republic of Korea.

From a broad conceptual perspective there are different entry points from where to tackle human demand on the earth's ecosystem. This environmental impact is the combined effect of the scale of global production and consumption, the composition of what we produce and consume and the technologies we use to produce what we consume. To reduce the environmental impact, we could either try to reduce overall production and consumption (sufficiency strategy), produce and consume the same or even more with fewer natural resources and emissions (efficiency strategy) or produce and consume different things or in a different way (consistency strategy or ecological structural change). While the latter two strategies are consistent with a growing economy, 'sufficiency' means limiting economic growth or even reducing economic activity.

» Sufficiency

Many people concerned about a declining availability of resources and a growing environmental impact of economic activities focus on scale. The growth in scale – that is, in global production and consumption, or economic growth, is itself due to the combined effect of population growth and growing per capita consumption/production or growing per capita income.

Therefore, one way of trying to keep human activities within the limits of nature would be to limit further (per capita) income growth or even reduce incomes. This would automatically limit the growth of energy and resource use, waste and emissions, or reduce them from current levels without even having to change the current technological framework of a 'brown economy'. This position can be found among growth critics in the North, who talk of a 'post-growth society'. The debate is about whether affluent and aging societies of the global North still have the need to further grow their economies for the well-being of their people, whether an ever-growing consumption of material goods makes them more happy, whether, to the contrary, growth remains important in order to meet major social needs that have not yet been met, or whether well-being and social progress should be promoted by other means, for example by improving equality in income and wealth,⁴² or by turning productivity increases into a reduction in working time.

To the extent that limits to further income growth will be needed to create the environmental space for improving the material conditions of poor people, these limits should first apply to rich people in both North and South. This would be justified from both an equity perspective and an environmental perspective. In as much that this was to lead to reductions in status consumption and modify the excessive lifestyles of the rich, its (positive) environmental impact would be disproportionately high. In that sense progressive income taxation, with higher top-income tax rates, are also good for the environment. The same holds for higher VAT rates on luxury items, such as luxury cars.

Following the principle of common but differentiated responsibilities, limiting average income growth at the level of nation states would pri-

⁴² British social epidemiologists Richard Wilkinson and Kate Pickett have shown, that for middle- and high-income countries, more equal societies almost always do much better in almost every social area, ranging from health to crime, whereas absolute income levels don't make a difference. Improving social well-being would require reducing differences in income and wealth rather than raising average income levels. See: Wilkinson, Richard and Pickett, Kate (2009), *The Spirit Level: Why Greater Equality Makes Societies Stronger*, New York: Bloomsbury Press.

marily concern high-income countries in the global North. Applying the equity principle of equal per capita rights for an environmentally safe level of income growth would yield similar results.⁴³ For the countries of the global South, where the vast majority of humankind is living, even differentiated limits are not an issue as yet. These countries – bar some exceptions in very specific cultural contexts – will want to raise the incomes of their poor people and continue to grow their economies. Already for the past decade, they have, on average, outperformed the advanced economies. This holds in particular for the last five years of financial, economic and debt crisis, when the so-called developing world acted as global ‘growth engine’ by contributing two-thirds of global economic growth. This is likely to continue in the future. Even under a non-crisis scenario with renewed growth in the rich world, the World Bank estimates that by 2030, countries of the global South will contribute two-thirds of global growth (40 per cent, excluding China)

Even one with low, zero or negative per-capita growth in the rich world, in aggregate global per capita income will rise and put pressure on the ecosystem.



Mark Morcom

⁴³ Only by way of illustration: if we assume continuation of current trends of improvements in global carbon intensity of production (in the order of 2 per cent per year) and current trends of global population growth (at 1.1 per cent) global per capita incomes could grow by about 1 per cent or US\$ 700 billion per year, i.e. US\$ 100 per capita, in order just to keep carbon emissions at current levels. This would allow per capita incomes to grow by 3.3 per cent in India, 1.6 per cent in China, but only 0.36 per cent in the EU and 0.24 per cent in the United States. (see Dauderstädt, Michael (2011), *Effizienzgewinne reichen nicht aus*, Berlin, p. 3 [www.fortschrittsforum.de/debattieren/wirtschaft-wachstum/artikel/effizienzgewinne-reichen-nicht-aus.html]). However, adjustments in growth rates would have to be made to meet desired reductions in carbon emissions.

and half of global output (30 per cent, excluding China).⁴⁴ Hence under any conceivable scenario, even one with low, zero or negative per-capita growth in the rich world, in aggregate global per-capita income will rise and put pressure on the ecosystem.

The other *theoretical* option for reducing scale would be to reduce population growth. Undoubtedly population growth, which started as a by-product of industrialisation, has in itself contributed massively to the pressure on the biosphere, but also indirectly as a driver of economic growth. Standing at 1 billion in 1804, world population tripled by 1960 and then accelerated its growth by adding another billion every 12 to 14 years. Population growth is hoped to level off at around 9 billion by the middle of the century, but only provided that the living standards of the global poor have improved significantly by then (as well as things that go along with this, like better reproductive health education). Hence, there is a catch. On the one hand rising income for rising living standards is needed to decelerate population growth in order to reduce pressure on the ecosystem, on the other hand rising income levels directly increase this pressure. However, any attempts at population control measures that infringe the reproductive rights of women have to be firmly rejected, not only on human rights grounds. It is also a fundamental justice issue, because the cost would fall disproportionately on the global poor, who contribute the least to environmental destruction. The only consolation on the population side of the equation is that while population growth now happens almost exclusively in poor countries with a still low, albeit growing per-capita environmental impact, the population of ‘high-impact’ countries in the global North is stagnating or shrinking. Even by taking into account this demographic ‘windfall profit’ for the environment, the population component – like the income component – will increase the scale of global production and consumption in the years and decades to come.

From a global perspective, a ‘sufficiency’ route in more affluent societies could certainly contribute to providing environmental space for poorer societies. Yet to use it as a primary strategic focus for reducing or limiting the human impact on the biosphere does not seem to be very promising, as a reduction in scale is very unlikely to happen any time soon. At least for the majority of a growing and rapidly urbanising world population, we must find other, complementary strategies. This leaves us with the strategies of eco-efficiency and ecological structural change.

44 World Bank/Development Research Centre of the State Council of the People’s Republic of China (2012), *China 2030 – Building a Modern, Harmonious, and Creative High-Income Society*, Washington, DC.

Box 6

A South feminist lens on the population, development and environment dynamic by Gigi Francisco

Amid alarming climate change and projections that the world's population will reach 9 billion by mid-century, Malthusian thinking has resurfaced in the global debates around Rio+20. Some governments and institutions, building on earlier arguments posed by Paul Ehrlich in his book *The Population Bomb* (1968) and, more recently, by the UK government's chief scientific adviser Sir John Beddington's warnings of a 'perfect storm' (2009),⁴⁵ have played up macro demographic objectives.

As early as 1992, when governments were debating the text for the first Earth Summit, feminists made clear that presumed mathematical equations put forward by environmental scientists presented a dangerously limiting and limited framework with which to understand the complex relationship between population and environment. The Women's Declaration on Population Policies (September 1992) noted that: *Population size and growth have been blamed inappropriately as the exclusive or primary causes of problems such as global environmental degradation and poverty. Fertility control programs have prevailed as solutions when poverty and inequity are root causes that need to be addressed.*⁴⁶

Instead, policy needed to be guided by more robust perspectives that focused on a number of elements, such as *social and political planning [...] and in which the wasteful use of resources is not simply a question of finding new substitutes but of reshaping affluent life-styles [...] and pollution control is not simply a matter of "polluter pays" but also of emission controls, which in turn are associated with political and social processes.*⁴⁷

Moreover, Gita Sen of Development Alternatives with Women for a New Era (DAWN), calling for the population question to be situated in the context of development and for greater attention to be paid to the views and experiences of poor women from the South, asserted that *'the population issue must be defined as the right to determine and make reproductive decisions in the context of fulfilling secure livelihoods, basic needs (including reproductive health), and political participation'*⁴⁸

In recovering the meaning of sustainable development, another DAWN member, Anita Nayar, called on governments to be less concerned with the effects of population on the environment and instead turn their attention to the impact of climate change and production-consumption imbalances on populations, including large-scale displacement, new infectious diseases, poverty and the destruction of ecological commons.⁴⁹ The scarcity and expense of food and fuel, which had often been used to support simplistic population-environment arguments for population control, had been refuted with data demonstrating that there was a considerably slower rate of population growth, with fertility rates close to replacement rates in most of the global South.⁵⁰

45 Cf. www.govnet.co.uk/news/govnet/professor-sir-john-beddingtons-speech-at-sduk-09; and www.populationinstitute.org/resources/reports/.

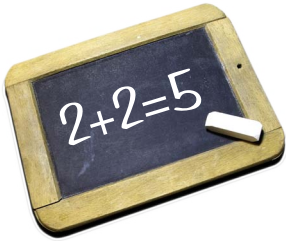
46 Twenty-four women's rights networks and individuals were the initiators of the Women's Declaration on Population Policies, with the International Women's Health Coalition servicing as Secretariat to the effort.

47 Arizpe, L. and M. Velazquez (1994), 'The Social Dimensions of Population', in Arizpe, L., M. P. Stone and D. Major (eds), *Population and environment: Rethinking the debate*, Boulder, CO.

48 Sen, Gita (1994), 'Development, population and the environment: a search for balance', in Sen, G., A. Germain and L. Chen (eds), *Population policies reconsidered: Health, empowerment and rights*, Boston.

49 Speech delivered at the Peoples Forum of the 10th Conference of Parties on the Convention on Biodiversity, October 2010, Nagoya.

50 Hartmann, Betsy (2009), '10 Reasons Why Population Control is not the Solution to Global Warming', in *Different Takes*, No. 57, Winter 2009.



New and improved technologies, it is hoped, will raise 'eco-efficiency' and make it possible to produce the same or even more with less.

» Efficiency

Efficiency strategies have their main focus on the resource (material, energy) or emission intensity of production, which depend on technology. In general terms, technology determines the ecological impact associated with each dollar or euro we spend.⁵¹ New and improved technologies, it is hoped, will raise 'eco-efficiency' and make it possible to produce the same or even more with less; that is, with less energy consumption, less primary resource extraction, less municipal waste generation, less air and water pollution or less carbon emission. In other words, new and improved technologies are employed to bring about 'decoupling'.

The critique of this approach from ecological economists is that, in the past, efficiency improvements, for example in energy efficiency, have led to 'relative decoupling' but never resulted in reduced aggregate resource (such as energy) consumption or 'absolute decoupling'. But 'absolute decoupling' is what is needed, if we want to have a chance to remain within ecological limits. To have 'absolute decoupling', for example an absolute reduction in greenhouse gas emissions, the rate of reduction (of emissions) per unit GDP must exceed the rate of GDP growth. Or, put differently, resource productivity must always grow faster than GDP, if we want to actually reduce resource and emission flows. This is a tall order. All data suggest that, so far, efficiency increases have, in general, been more than compensated by increases in consumption levels – a phenomenon which can partly be attributed to direct or indirect 'rebound effects'. Rebound effects occur when higher efficiency (for example, lower fuel consumption per kilometre), reducing the costs to consumers, incites them to consume more of the cheaper product (for example, drive more) or use the savings (on, for example, the petrol bill) to consume other, and sometimes even more resource- or emission-intensive goods and services (such as going by plane on a weekend holiday). Some limited 'absolute decoupling' has been achieved with regard to reductions in air and water pollution, but not in global resource use and greenhouse gas emissions.



The critique from ecological economists is that, in the past, efficiency improvements, e.g. in energy efficiency, have led to 'relative decoupling' but never resulted in reduced aggregate resource (such as energy) consumption or 'absolute decoupling'.

The counterargument against this pessimistic view of the potential of the efficiency strategy is that 'decoupling' has never really been tried in earnest, not at the necessary scale and not with a continuous emphasis over time. Technical feasibility has been amply demonstrated ('Factor 5'). What remains is the problem of lack of political will to face the political and regulatory challenges in order to make existing technical

⁵¹ One example is carbon intensity. Carbon intensity can be measured as CO₂/GDP (kg/US\$). It is an indicator for the average impact of the production methods used (for example, in a particular country) on climate change, arguably the most critical planetary boundary or ecological limit to global growth.

solutions economically viable, and to provide necessary incentives for searching for better technical solutions. Decoupling will not come by itself through the invisible hand of markets. Decoupling requires an active state that employs a broad range of ambitious public policies to shift production patterns from a resource- and emission-intensive development path ('brown economy') to a resource- and emission-'light' trajectory of a 'green' or rather a 'sustainable economy'.



Jesper Baerentzen

For countries of the global South 'eco-efficiency' strategies offer the opportunity to leapfrog over unsustainable patterns of production.

Such policies should include fiscal policies (environmental taxes, subsidies, tax credits, soft loans or accelerated depreciation for eco-efficiency investment, phasing out of environmentally harmful subsidies, 'feebate' schemes⁵²), regulatory policies (such as emission limits, product and production standards, like minimum energy efficiency performance standards and labels, bans on environmentally harmful substances), but also public investments (for example, in environment-related research and development to crowd-in private investment) and procurement as well as industrial policies (such as feed-in tariff schemes in the energy sector – see Part III below). Stronger and more effective global environmental governance regimes are also needed (see Part IV below).

For countries of the global South 'eco-efficiency' strategies offer the opportunity to leapfrog over unsustainable patterns of production.

52 Feebate schemes impose taxes (fees) on emission-intensive firms or products (for example, cars) with low energy-efficiency that provide the subsidies (rebates) for low-emission firms or products with high energy-efficiency.

Box 7

Factor Five by Ernst Ulrich von Weizsäcker

'Factor Five'⁵³ shows that a fivefold increase of resource productivity is doable in essentially all sectors of modern societies. *Factor Five*, which has its chief emphasis on energy, depicts lots of fascinating technologies reducing wastefulness and thus energy or water needs by roughly a factor of five. Such technologies can be found for housing, nutrition, mobility and manufacturing. Usually, it is a *whole systems approach* that leads to the big leaps of efficiency. The efficiency of motor vehicles may be increased by a factor of 2½, but making mobility less dependent on cars and offering elegant alternatives saves the whole factor of five.

Alas, this benign revolution is not happening. Why not?

The chief reason is that countries around the world usually want to please their people and their businesses by making natural resources as cheap as possible. This understandable policy leads to frustration of nearly all efforts towards higher resource productivity. Typically, it is a lot more profitable to rationalise human labour than to increase resource productivity. Hence, unemployment grows while energy and resources keep being wasted.

It is time to reverse this trend. Fiscal measures can gradually make energy, water and minerals more expensive and human labour less. As a result, employment can increase and resource efficiency too. This is then at the core of the political thrust of *Factor Five*. The idea is to actively move prices upwards slowly and predictably *in line with efficiency increases*. Thus the monthly payments for energy and other resources would remain stable on average. Some low prices can be maintained for poor families so as to avoid social injustice.

The inspiration for this idea came from an interpretation of the biggest technological success story in human history: the Industrial Revolution. This revolution can be understood as the steady and dramatic increase of labour productivity. Whenever productivity grew, wages could be elevated in proportion – thus stimulating ever further advances of labour productivity. In the course of 150 years, both labour productivity and wages increased roughly twentyfold in the old industrialised countries. And many countries in the global South are now experiencing exactly the same success.

Assuming that scarcities of oil and other resources will eventually be felt everywhere, it can be expected that countries introducing efficiency technologies first will enjoy the 'first mover advantages' on world markets. In other words, the trajectory of gently rising energy and raw materials prices could serve as a recipe for *accelerating* a country's competitiveness – the opposite of what is usually feared when energy prices go up.

53 von Weizsäcker, Ernst Ulrich, Karlson Hargroves and Michael Smith (2009), *Factor Five - Transforming the Global Economy Through 80% Improvements in Resource Productivity*, London. Updated German and Chinese editions in 2010.

» Ecological structural change

In addition to scale and technology, the composition of what we produce and consume, as reflected in the composition of GDP, is the third determinant for the human impact on the ecosystems. Strategies to substitute ‘resource- and emission-heavy’ with ‘resource- and emission-light’ technologies and infrastructures must be employed to make the economy ‘consistent’ with the environmental imperatives (‘consistency strategy’). These strategies are essential to bring about ecological structural change.

In reality, approaches to enhance efficiency and consistency often overlap. This is partly because ecological structural change is linked to technology and technological innovations, as in the switch from fossil to renewable energy sources; this switch has become the major strategy to mitigate climate change. Technological innovations are also needed for the broader shift from non-renewable to renewable resources.

Partly, structural change will have to come from ‘social innovations’, in relation to the way we work, live and consume; one example being city and urban traffic planning. Moving from ‘urban sprawl’ to high-density cities would address the current spatial separation of workplaces, living quarters, and shopping and entertainment areas. This could drastically reduce the need for individual motorised traffic to and from work, favouring public transport, and non-motorised and pedestrian traffic, and reducing energy demand in its wake. Social innovations in this particular area are all the more important as the majority of the world population is expected to live in (mostly coastal) megacities by the middle of the century.

Moving from ‘urban sprawl’ to high-density cities would address the current spatial separation of workplaces, living quarters, and shopping and entertainment areas.





Berkeley Robinson

A 'de-materialisation' and 'de-carbonisation' of the economy will only be achievable if current consumption patterns are also subject to profound structural change.

To reduce transportation, switching production and consumption towards localised supplies with regard to food, energy or tourism, is another recurrent proposal. Taxation of international transportation, reflecting environmental damages in the prices for international aviation and maritime fuels (kerosene, bunker fuels), as discussed in the international climate finance debate, would be consistent with this approach. However, in the case of food, local self-sufficiency only makes sense from an emission point of view if the absolute emission difference is greater in transportation than in cultivation. Otherwise, it would make more sense to grow food in the most conducive climates, wherever they are, and transport it.⁵⁴ The empirical evidence on this subject is a contested area. In any case, we would have to make sure that we actually reduce carbon and not incomes and scarce rural jobs in poor countries. Furthermore, international taxation schemes for aviation and maritime fuels would have to build in special and differential treatment for small and poor countries whose economies are highly dependent on international exchange.

Moreover, some proposals identify untapped potential for the decoupling of economic activity and environmental impact, primarily in advanced economies, by accelerating the ongoing structural change from manufacturing to the service sector. To the extent that services require less energy and materials than goods of equal monetary value, this would be beneficial to the environment. 'Social growth' – that is, a strategy of promoting an increasing provision and consumption of quality social services (education, health, child care, nursing) – would mean that GDP could still rise with little impact on the environment.⁵⁵ However, this must be qualified. Structural change that only substitutes domestically produced goods with imports from abroad just moves the environmental impact beyond borders without actually reducing it. Hence, in cases where higher income from 'social growth' would also result in larger imports of material goods, even a 'social growth' path could produce a negative environmental outcome. In the past at least, this is what seems to have happened in the case of countries that have 'successfully' reduced their absolute levels of greenhouse gas emission: with regard to domestic production they decreased, whereas in terms of consumption they continued to increase. A 'de-materialisation' and 'de-carbonisation' of the economy will only be achievable if current consumption patterns are also subject to profound structural change.

54 Collier, Paul (2010), *The Plundered Planet - How to Reconcile Prosperity with Nature*, London et al., p. 213.

55 On the concept of 'social growth' see Friedrich-Ebert-Stiftung (2012), *Social Growth - Model of a Progressive Economic Policy*, Bonn/Berlin [<http://library.fes.de/pdf-files/id/ipa/o8836.pdf>].

Lastly, fostering a ‘circular economy’ by implementing a life-cycle approach to products, based on the three ‘Rs’ (Reduce – Re-use – Recycle) is part of this approach.

Like the drive for more ‘eco-efficiency’, ecological structural change towards renewable energies or the production and consumption of quality social services requires governments to play a leading role in strategic policy-making to re-orient the economy onto a sustainable development path.

Towards a global strategy mix

To sum up, a sufficiency strategy of limiting or even reducing per-capita income growth in rich countries could be part of the solution to keep resource consumption and waste generation within environmental limits, although this might be politically difficult. The potential economic and social problems (such as deflation coupled with increased unemployment) and distribution conflicts that could be triggered by such policies are not trivial, and whether capitalism without any growth can work at all has not yet been tested. Reducing income inequalities within rich and poor countries, for instance, through tax policies targeting income and consumption of the rich would certainly contribute.

On the global level, we are in any case likely to see more material production – that is, economic growth – as long as there is no all-encompassing global redistribution scheme on the horizon that could substitute for the benefits of growth in the poorer parts of the world.⁵⁶ For years to come, we will still need some form of growth in large parts of the world in order to expand the frontiers of ‘maximum available resources’ for poor countries.

But more of the same is what we don’t need. What we do need on the one hand is rapid growth in resource- and energy-efficient production. The massive investments needed to shift from non-renewable to renewable resources, in the energy sector in particular, will also drive growth. On the other hand, we need to see massive de-growth (shrinkage) of products, sectors and activities that do not pass the sustainability test.

The aim is to build economies around the world that drastically limit carbon emissions, energy consumption, primary resource extraction, waste generation, as well as air and water pollution, and that partly replace non-renewable resources with renewable ones along their de-

⁵⁶ If such a system existed, a permanent transfer of just 2 per cent of the incomes of the richest 20 per cent to the poorest 20 per cent of the world population would double the income of the poorest quintile, reducing global inequality between the top and the bottom 20 per cent from 1:50 to 1:24.

velopment paths while ensuring that their use or harvesting remains within their capacity to regenerate, that stop the loss of species and, where possible, restore ecosystems.

The strategies of ‘eco-efficiency’ and ecological structural change (consistency) do not offer a magic wand to rescue nature either. But they do offer a large number of promising approaches and policies that have the potential to reduce the environmental impact of production and consumption significantly. Some of them include changes of consumption patterns and lifestyles or will eventually lead to such changes.

Whether these strategies will suffice to bring about ‘absolute decoupling’ and how much ‘sufficiency’ will be needed in the future remains an open question. In any case, we agree with Tim Jackson, who lists as minimum conditions for this to happen: *‘[a] massive technological shift; a significant policy effort; wholesale changes in the patterns of consumer demand; (and) a huge international drive for technology transfer to bring about substantial reductions in resource intensity right across the world.’*⁵⁷

There is the fundamental and obvious implementation challenge to bring about the necessary transition to an economy that respects the carrying capacity of the Earth – that is, operates within planetary boundaries. However, a sustainable economy must not just respect planetary boundaries but must also maintain economic stability, promote prosperity and social justice, and reduce poverty and inequalities. A ‘green economy’ only becomes a truly ‘sustainable economy’ if the economic and social challenges to sustainability are equally addressed.

From a social point of view, the transition to environmental sustainability is only viable, if this transition also drives social progress, promotes cultural diversity and satisfies human needs, including access to water, food, housing, energy, land, health, education and transport. Workers, families and communities negatively affected by the transition must get adequate social protection and access to new opportunities, especially in terms of employment (‘just transition’).

Finally, the change in mindset needed to create a sustainable economy that operates within the planetary boundaries requires new metrics for sustainability and societal progress. As the report of the Stiglitz-Sen-Fitoussi Commission rightly states: *‘What we measure affects what we do; and if our measurements are flawed, decisions may be distorted.’*⁵⁸

57 Jackson, Tim (2009), *Prosperity without Growth, Economics for a Finite Planet*, London, p. 75.

58 Commission on the Measurement of Economic Performance and Social Progress (2009), *Report by the Commission on the Measurement of Economic Performance and Social Progress*, Paris, Executive Summary, para. 3.

6. Towards new indicators and goals of sustainability, well-being and societal progress

The international debate on what constitutes development and progress and how we should measure it has been linked to the concept of sustainable development since its formulation. In 1992, Chapter 40 of Agenda 21 recognised that ‘commonly used indicators such as the gross national product (GNP) and measurements of individual resource or pollution flows do not provide adequate indications of sustainability’ and therefore ‘indicators of sustainable development need to be developed to provide solid bases for decision-making at all levels’.⁵⁹

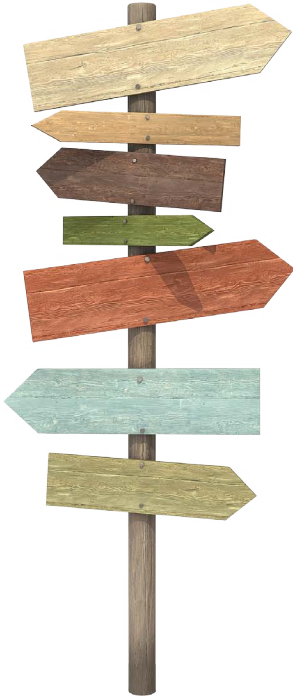
The GNP/GDP itself came into being as a widely used measure in the US after the Great Depression, when the role of the state changed with the introduction of social security and the New Deal. Thanks to the United Nations System of National Accounts (SNA), created in 1953, it became possible for economic indicators to be compared between countries and over time. The GDP,⁶⁰ a single number giving a value to all economic activities in a country at any given time, is the main outcome of the SNA. By coincidence or necessity that indicator came into being at the same time as dozens of African and Asian countries were becoming independent, and the metaphor of ‘development’ was coined and popularised. The ‘young nations’ would grow, ‘graduate’ and follow the parental model of their former colonial masters.

GDP growth soon became a synonym for development and GDP per capita is still used by the World Bank to rank and group countries. Per capita GDP (total product divided by population) is not equivalent to median income (where half of the population earns more and the other half less), but economists, journalists and even the World Bank use terms like ‘low-income countries’ or ‘high-income countries’ to refer to their ranking according to GDP per capita. In countries with high inequality, as is the case with most countries of the global South, the median income is frequently half of per capita GDP or even less.

Simon Kuznets, one of the architects of national accounts, indicated that the connection between production and welfare is implicit in national income accounting: ‘National income may be defined as the net value

⁵⁹ United Nations (1992), *Agenda 21, The United Nations Programme for Action from Rio* (UN Doc. A/CONF.151/26/REV.1(VOL.I)/CORR.1), Chapter 40: Information for Decision-Making, para. 4. (http://www.un.org/esa/dsd/agenda21/res_agenda21_40.shtml)

⁶⁰ Gross National Income (GNI) equals GDP plus income receipts from the rest of the world minus income payments to the rest of the world.



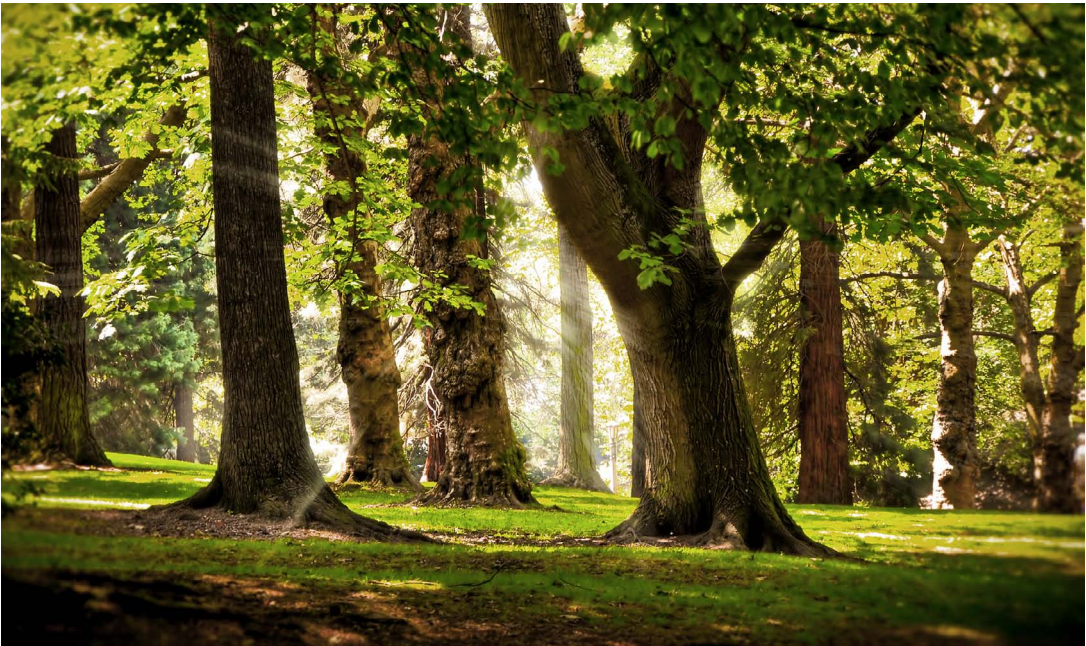
Indicators of sustainable development need to be developed to provide solid bases for decision-making at all levels.

*of all economic goods produced by the nation. [...] Any claim to significance such a total would have would lie in its presumptive usefulness as an appraisal of the contribution of economic activity to the welfare of the country's inhabitants, present and future.*⁶¹

Yet, behind the apparent scientific and common-sense basis of GDP, its very definition is biased by a series of arbitrary choices of what to measure. Kuznets himself commented that *'for those not intimately acquainted with this type of work it is difficult to realize the degree to which estimates of national income have been and must be affected by implicit or explicit value judgments'*.⁶²

'If we were to cut down all our forests, GDP would mushroom, because GDP only counts the timber value of our forests once they are cut and sold at market. GDP takes no account at all of the resources we leave behind, and so it entirely ignores the value of our standing forests.'

Thus, the designers of the GDP indicator included in it, for example, the agricultural production for consumption by oneself or one's household, even when nothing is ever paid for it, or the value of the rent that one person would pay for her home if she did not occupy it herself. But, as famously noted by feminist economist Marilyn Waring, the GDP does not include services provided by people to members of their own families free of charge, such as child rearing, meal preparation, cleaning, transportation, entertainment of family members, emotional support, and care of the elderly, even when market values of similar services could easily be found.⁶³



Emily Cahal

61 Quoted in England, Richard W. and Jonathan M. Harris (1997), *Alternatives to Gross National Product - A Critical Survey*, in Ackerman, Frank, David Kiron et al. (eds), *Human Wellbeing and Economic Goals*, Washington, DC, pp. 373-401.

62 *Ibid*, p. 374.

63 Waring, Marilyn (1989), *If Women Counted - A New Feminist Economics*, London.

In search of measures beyond GDP

GDP does not give the whole picture of an economy. It does not show inequalities and it does not account at all for the creation or destruction of assets, including economic infrastructure, biodiversity and ecosystems, culture and human capital. *‘Because the GDP only counts monetary market transactions, it mistakenly and misleadingly counts the depletion and degradation of our natural wealth as if it were economic gain,’* explained the prime minister of Bhutan Jigme Thinley on 10 February 2012 during a press conference announcing the Himalayan kingdom’s new national accounts system. *‘If we were to cut down all our forests in Bhutan, GDP would mushroom, because GDP only counts the timber value of our forests once they are cut and sold at market. GDP takes no account at all of the resources we leave behind, and so it entirely ignores the value of our standing forests.’*⁶⁴

Different solutions to the need for a better representation of economic and social life have been proposed. Some would revise the way GDP is computed, to better account for the non-market aspects of social life. Departing more radically from purely economic measures, in 1972 the King of Bhutan declared Gross National Happiness (GNH) to be more important than GNP. Since 1990 the United Nations Development Programme (UNDP) has computed the Human Development Index (HDI), which averages income with educational and health indicators.

When the OECD published its own set of well-being indicators in 2011, the overlap of many of them with the nine domains chosen years before by Bhutan to compute its GNH was remarkable. The nine domains of GNH are: psychological wellbeing, health, education, time use, cultural diversity, good governance, community vitality, ecological diversity and resilience, and living standards (see Box 8). The OECD produces separate averages for 11 different dimensions: housing, income, jobs, community, education, environment, governance, health, life satisfaction, safety and work-life balance.⁶⁵ Yet, while using similar indicators, the OECD stopped short of combining them into a single average ‘well-being’ or ‘happiness’ index. Instead each user is left free to weigh each one of those separately, so that if you value income above all, Luxemburg and the US will come first, whereas if you value health, Canada, Australia and Sweden will top the ranking.

Inequality is not an issue that the OECD considers among its well-being indicators, and yet, there is strong evidence that this is a major factor in the perceived happiness of people. Using General Social Sur-

64 Cf. www.2apr.gov.bt/images/stories/coredoc/remarkbypm.pdf.

65 Cf. the details in the OECD Better Life Index website [<http://oecdbetterlifeindex.org/>].

vey data from 1972 to 2008, the widest collection of historical series on perceived well-being for a single country, psychological researchers from the universities of Virginia and Illinois found in 2011 that ‘Americans were on average happier in the years with less national income inequality than in the years with more national income inequality’.⁶⁶ The researchers concluded: ‘The negative link between income inequality and the happiness of lower-income respondents was explained not by lower household income, but by perceived unfairness and lack of trust’.⁶⁷ Yet, not everybody is unhappy in times of increased inequality: ‘The negative association between income inequality and happiness held for lower-income respondents, but not for higher-income respondents’.⁶⁸

Already in 1992, in Agenda 21, governments saw the need to ‘develop the concept of indicators of sustainable development in order to identify such indicators’ and ‘to promote the increasing use of some of those indicators in satellite accounts, and eventually in national accounts’.⁶⁹ Work started to that end, but progress has been painfully slow. The United Nations defined an Indicator of Sustainable Development (ISD) as ‘a statistical measure that gives an indication on the sustainability of social, environmental and economic development’,⁷⁰ and by 1995 the Department of Economic and Social Affairs (UN DESA) had identified a set of 134 national ISDs. The methodology was revised twice, in 2001 and in 2006, and the list was reduced to 96 indicators, of which 50 are considered ‘core’. The initial grouping in four ‘pillars’ (economic, social, environmental and institutional) was abandoned in favour of 14 ‘themes’.⁷¹ Yet, a majority of these indicators are only available for a small group of countries that have sophisticated national statistical systems.

Each of these indicators can be meaningful and useful to illustrate some aspects of development. Authorities and citizens may benefit from knowing the number of people under the poverty line, the suicide and tobacco consumption rates, the ratio of local residents to tourists, the number of mobile phone subscribers, the quality of bathing water in beaches, or the share of renewable energy sources (all of them among

66 Oishi, Shigehiro, Selin Kesebir and Ed Diener (2011), ‘Income Inequality and Happiness’, in *Psychological Science*, September 2011; Vol. 22, No. 9, pp. 1095-1100.

67 *Ibid.*

68 *Ibid.*

69 United Nations (1992), *op. cit.*, Ch. 40, para. 6.

70 UNCSD (2011), *Current Ideas on Sustainable Development Goals and Indicators* (Rio 2012 Issues Brief No. 6), New York.

71 Poverty; governance; health; education; demographics; natural hazards; atmosphere; land; oceans, seas and coasts; freshwater; biodiversity; economic development; global economic partnership; consumption and production patterns.

the ‘core’ ISDs). Yet, those indicators are not formulated in terms of the depletion or regeneration of a certain stock, which would be required for an analysis of sustainability.

Meanwhile, academia and civil society organisations did their part and came out with substantive proposals to revise GDP, for example by devising mechanisms to estimate a value for positive non-market activities such as unpaid work at home or subtracting from household income the cost of those that do not contribute to well-being, such as commuting. Other methodologies attempt to account in different ways for the destruction or depreciation of assets. Based on those estimates, the notion is gaining popularity that a threshold exists beyond which GDP growth does not result in any additional well-being and might even subtract from it.

Different countries are trying to develop indicators for environmental quality and some have suggested a ‘Green GDP’, a Net Domestic Product (deducting from GDP asset depletion), an Adjusted Net Savings indicator or the Ecological Footprint.⁷²

Conceived in 1990 by Mathis Wackernagel and William Rees at the University of British Columbia, the Ecological Footprint (EF) is now in wide use. It measures the size of land and water area a human population requires to produce the resources it consumes and to absorb its CO₂ emissions, using the prevailing technology. According to this measure, *‘since the 1970s, humanity has been in ecological overshoot with annual demand on resources exceeding what Earth can regenerate each year.’*⁷³ It currently takes Earth one year and six months to regenerate what we use in a year. That ‘overshoot’ is maintained by liquidating Earth’s resources, which means that they are detracted from what will be available in the future. A ‘carbon footprint’ can also be calculated, not just for countries but also for smaller entities, including corporations and even individuals, by measuring the carbon component of all of their consumption.

The ‘footprint’ indicators, when applied to the whole world, can inform about the ‘overshoot’ in a way that is easily understood by the public, and that makes them powerful and popular. But when they refer to smaller units, like countries or cities, the interpretation of the overshoot is more complex. A country like the Netherlands, which is small and



According to the Ecological Footprint measure, ‘humanity has been in ecological overshoot with annual demand on resources exceeding what Earth can regenerate each year since the 1970s’.

72 For an updated list of proposed alternative indicators see Kroll, Christian (2011), *Measuring Progress and Well-Being – Achievements and Challenges of a New Global Movement*, Berlin FES [<http://library.fes.de/pdf-files/id/ipa/08509.pdf>].

73 Quoted from the website of the Global Footprint Network: [www.footprintnetwork.org/en/index.php/gfn/page/footprint_basics_overview/].

densely populated, has a large footprint relative to its size, while Finland, with similar per capita consumption levels, appears not to ‘overshoot’, because it has a much smaller population in a much bigger area. Trading seems the obvious solution and, in fact, different schemes are already being proposed where individual customers have the choice to ‘offset’ their own carbon footprint, increased for example by air travel, by paying a sum that would reduce carbon somewhere else on the planet.

In a situation of global overshoot, this is the equivalent of paying your credit card balance with another credit card. Total debt is not reduced. The report by the Commission on the Measurement of Economic Performance and Social Progress led by Nobel laureates Joseph Stiglitz and Amartya Sen and French economist Jean-Paul Fitoussi (the so called Stiglitz-Sen-Fitoussi Commission) comments that ‘*recent research has tended to move away from comparing a country’s EF with its own biocapacity, and to propose instead to divide all countries’ EFs by global biocapacity. By doing this, one is acknowledging that EFs are not measures of a country’s own sustainability but of its contribution to global non-sustainability.*’⁷⁴



Tom Magliery

The Stiglitz-Sen-Fitoussi report summarised the state of the art in the discussion on sustainability and well-being indicators and strongly emphasised that the two categories are different in nature. The metaphor used is that of the dashboard of a car, with separate displays for speed and remaining petrol. One informs about the time needed to achieve a destination, the other one refers to a required resource that is being consumed and may reach a limit before the destination is reached. Mixing both in a single number, they say, would only confuse the driver.

According to the Stiglitz-Sen-Fitoussi Commission the sustainability of any activity derives from the non-depletion (or the regeneration) of a certain stock or asset. If pastoralists overgraze, their herds disappear. If fishing exceeds certain limits, the fish are decimated. CO₂ emissions as a result of burning fossil fuels accumulate gases that produce climate change and therefore deplete the ‘atmospheric space’.

The notion that boundaries exist that limit the human consumption of finite resources was articulated in 1972 in the famous *Limits to Growth* report to the Club of Rome.⁷⁵ More recently, it was emphasised in 2009

If we accept the dashboard metaphor, what are the indicators that should inform us in ‘driving’ societies into the future?

⁷⁴ Commission on the Measurement of Economic Performance and Social Progress (2009), *Report by the Commission on the Measurement of Economic Performance and Social Progress*, Paris, p. 71 [http://www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf].

⁷⁵ Meadows, Donella H., Dennis L. Meadows, Jørgen Randers, and William W. Behrens, III (1972). *The Limits to Growth: A report for the Club of Rome’s Project on the Predicament of Mankind*, New York.

in the ‘planetary boundaries’ concept which identified nine boundaries (climate change, ocean acidification, accumulation of stratospheric ozone, global phosphorus and nitrogen cycles, freshwater use, land use change, biodiversity loss, atmospheric aerosol loading, and chemical pollution) and quantified the actual limits for all but the last two.⁷⁶

The study concludes that ‘*Humanity has already transgressed at least three planetary boundaries*’: On top of the well-known and documented climate boundary, exceeded in the 1980s, ‘*the acceleration of the human enterprise since the 1950s, particularly the growth of fertilizer use in modern agriculture, resulted in the transgression of the boundary for the rate of human interference with the global nitrogen cycle. Aggregate data over longer time periods for the biodiversity boundary are not available, but [...] the world cannot sustain the current rate of loss of species without resulting in functional collapses. [...] estimates indicate that humanity is approaching, moreover at a rapid pace, the boundaries for freshwater use and land-system change. The ocean acidification boundary is at risk, although there is a lack of time-series data for the selected boundary variable, as well as information on the response of marine organisms and ecosystems to the projected CO₂ perturbation [...].*’⁷⁷

On the positive side, the Montreal Protocol on gases damaging the ozone layer is an example of the international community being able to reverse the trend with regard to the stratospheric ozone boundary in the 1990s.

What needs to be measured?

If we accept the dashboard metaphor, what are the indicators that should inform us in ‘driving’ societies into the future?

» Economy

GDP adds the total amount of goods and services traded and while it can be of use in informing about the trends of economic activity, no corporation would run its business based only on cash flows, without looking at investments, assets or profits. GDP is not a measure of quality of life. It is not a measure of sustainability, and not even the right measure for economic performance. GDP itself, as argued by the Stiglitz–Sen–Fitoussi Commission will need to be revised and complemented with other indicators to get an accurate picture of economic performance.

76 Rockström, Johan. et al. (2009), ‘Planetary Boundaries: Exploring the Safe Operating Space for Humanity’. *Ecology and Society* 14(2): 32 [www.ecologyandsociety.org/vol14/iss2/art32/].

77 *Ibid.*, p. 20.

» Equity and distribution

The Gini coefficient is a single number that values inequality from 0 to 1 in a scale where 0 would be a perfectly equal distribution and 1 absolute inequality (one individual having all and the rest nothing). It can be applied to income but also to, for example, consumption of fresh water. The world as a whole, with a Gini coefficient on income of 0.70 is more unequal than any single country and inequality is growing everywhere, except for a few Latin American countries where it is being reduced (but departing from very high levels). For inequities to be better understood, Gini coefficients need to be complemented with the analysis of the population by quintiles or deciles. Due to the concentration of income, power, and access to resources in the top layers of the population, in many countries the national average of, for example, infant mortality can differ greatly from the average for the 80 per cent of the population that excludes the upper quintile). As a more sophisticated measure UNDP introduced the ‘inequality-adjusted HDI’.⁷⁸ This adjusts the HDI for inequality in the distribution of each of its three components (life expectancy, education, per capita income).

Inequality indicators are easy to understand and do not represent major methodological challenges. Yet, the Gini coefficient is only available

The Gini coefficient is only available in the World Bank database for a limited number of countries. This is not an expression of any statistical difficulty but just of the fact that inequality has not been an important issue for research or policy-making.



Shreyans Bhansali

⁷⁸ Cf. UNDP (2011), *Human Development Report 2011, Sustainability and Equity: A Better Future for All*, New York, p. 169.

in the World Bank database for a limited number of countries, and discrimination by quintiles of many key indicators is not available for a large number of countries in the global South. This is not an expression of any statistical difficulty but just of the fact that inequality has not been an important issue for research or policy-making.

This lack of even the most basic social indicators for many of the poorest countries makes monitoring of the MDGs and other internationally agreed goals very difficult and it contrasts with the efficiency with which national accounts are computed in most countries, as without them World Bank loans and grants would suffer. Similar efforts should be applied to socially and environmentally relevant data, or at least sample household surveys on which to base estimates and to make accountability exercises at all possible for civil society.

» Well-being

There are several ongoing attempts to capture the well-being of societies in a single number, usually averaging different indicators ranging from subjective perceptions of well-being to objective measures of malnutrition, mortality, educational levels or time actually used in paid or unpaid work, commuting, leisure or socialising. These indexes can show evolution over time and warn that while the economy might be growing, human capital or social capital, measured in terms of health and education or in homicide rates, may be deteriorating. While essential human needs are universal (nutrition, shelter, affection and social interactions), factors that affect how or whether those needs are satisfied differ from one culture and ecological system to another. Indexes for these would be better built nationally so they can reflect national priorities. The best example is Bhutan's Gross National Happiness Index (see Box 8).

In contrast, poverty indexes like the Multidimensional Poverty Index computed by the University of Oxford⁷⁹ or the Basic Capabilities Index of Social Watch⁸⁰ actually measure the opposite: that is, the levels of deprivation and non-satisfaction of a minimum set of needs.

Well-being is related to a context and so is the notion of poverty. According to the European Union 'Joint Report on Social Inclusion', *'People are said to be living in poverty if their income and resources are so inadequate as to preclude them from having a standard of living considered acceptable in the society in which they live.'*⁸¹

79 Cf. www.ophi.org.uk.

80 Cf. www.socialwatch.org.

81 Council of the European Union (2004), *Joint Report by the Commission and the Council on Social Inclusion*, Brussels, p. 8 [ec.europa.eu/employment_social/soc-prot/soc-incl/final_joint_inclusion_report_2003_en.pdf].



While an absolute majority of humankind lives in poverty according to the acceptable standards of their societies, 'only' one in five inhabitants of the world falls under the 'extreme' poverty line.

In 1995 the UN Summit on Social Development had this definition in mind when it established a commitment to eradicate poverty and requested each country to submit its own plans (and corresponding threshold definitions) to do so. The Millennium Development Goals instead adopted the World Bank definition of 'absolute' or 'extreme' poverty, equated with an income of less than one dollar a day⁸² and promised to halve, by 2015, the proportion of people living under that line in 1990.

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The notion of a Social Protection Floor (SPF) attempts to reconcile the two approaches. It was first adopted by the UN Chief Executives Board for Coordination (CEB) as one of its initiatives to cope with the effects of the global economic crisis of 2008 and later endorsed by the G20 in the Pittsburgh Summit (2009) and by the MDG Summit of the UN in 2010.

The SPF is a basic set of social rights, services and facilities that every person should enjoy and includes geographical and financial access to essential services such as water and sanitation, health, and education; it identifies the social transfers, in cash or in kind, required to provide minimum income security and access to these essential services.

All these aspects are measurable, but they require each society to define its standards of what is 'essential'. The MDG targets, in terms of nutrition, basic education and health, become in this context the bare minimum from which social notions of dignity and rights are to be built up.

» Human rights

While the MDGs list desirable outcomes of policies, the SPF is based on rights. Many human needs are internationally recognised as rights: rights to water, food, education, health and decent housing are spelled out in many constitutions and in the Convention on Economic, Social and Cultural Rights, which establishes the duty of governments to make sure these rights are met 'to the maximum of available resources'. Based on empirical analysis of what has actually been achieved by countries with different income levels, the Social and Economic Rights Fulfillment (SERF) index computed by the Economic and Social Rights Empowerment Initiative⁸³ can measure the distance between the actual situation

82 Later adjusted to US\$ 1.25, measured in purchasing power parities.

83 Cf. www.serfindex.org.

of a country and what it could reasonably be expected to achieve with its available resources, since countries in a similar situation have achieved it. Such an analysis can be a basis to hold a government accountable for not doing all it could possibly do, but it can also substantiate the claim of many governments for assistance or for a better deal in the global economy, because while they are using all the resources available, their people still live below the level required for essential human dignity.

The SERF methodology essentially proves that the basic social services required for a dignified life for all current 7 billion inhabitants of our world (and probably also for the 9 billion people that will inhabit the world by the middle of this century) can be provided for with existing resources.

» Sustainability

The Stiglitz-Sen-Fitoussi report strongly recommends not trying to capture sustainable development in a single number. This is not a result of how the environmental indicators for such an index are chosen. Indicators for 'bad behaviour', such as CO₂ emissions from fossil fuels or pesticide consumption, could be made part of the environmental dimension and this could bring some industrialised countries down in the ranking a few points, penalising environmentally unfriendly consumption and production patterns. But it would still not be measuring sustainability because *'the question of sustainability is complementary to the question of current well-being or economic performance, and must be examined separately'*.⁸⁴

A comprehensive notion of sustainability requires indicators that refer to the planetary boundaries and how each country or economic unit brings us closer to, or takes us further away from, the thresholds, plus the social and political conditions for the continuity of human societies, such as peace, security and financial stability.

With seven of the nine planetary boundaries already quantified, the contribution of each country or economic actor (producer or consumer) to global non-sustainability can be computed on an absolute or a per capita basis. Does that mean that we can average an index of non-sustainability? That would be nonsense. The fact that humanity still has a small margin to expand croplands (from the present 12 per cent of

84 The Report of the Commission on the Measurement of Economic Performance and Social Progress emphasises on p. 77: *'This recommendation to separate the two issues might look trivial. Yet it deserves emphasis, because some approaches fail to adopt this principle, leading to confusing messages. The confusion reaches a peak when one tries to combine these two dimensions into a single indicator. This criticism applies not only to composite indices, but also to the notion of green GDP.'*

the global ice-free land surface occupied by agriculture to the estimated limit of 15 per cent) does not in any way compensate for the excess emissions of CO₂ into the atmosphere.

The planetary boundaries interact in complex ways: *‘Desiccation of land due to water scarcity induced by transgressing the climate boundary, for example, may cause such a large loss of available land for agricultural purposes that the land boundary also shifts downward. [...] Incremental change can lead to the unexpected crossing of thresholds that drive the Earth System, or significant subsystems, abruptly into states deleterious or even catastrophic to human well-being.’*⁸⁵

Such a dynamic is not exclusive of nature. Somehow, incremental changes that went largely unnoticed by the agents specialising in risk assessment colluded in the eruption of the global financial crisis in September 2008, with dramatic impacts on vulnerable populations around the world in terms of unemployment and cuts in social services.

And what about political sustainability? Who noticed the slow incremental changes that led to the Arab Spring of 2011, starting in the two countries that ranked the highest in Africa, both in the HDI and the World Bank’s index of business friendliness?

Thus, the concern about sustainability will not be answered by a single number, but by the careful definition and monitoring of a variety of environmental, financial, social and political variables. An index averaging the various dimensions wouldn’t tell us much that we don’t already know. In the best of scenarios, it might not be much more than an HDI (which already integrates the economy and the social) with an environmental dimension. However, if the ‘integration’ of the various dimensions is an average, the environmental and social deficits of some countries might well end up hidden behind good economic performances that lift the average.

The concern about sustainability will not be answered by a single number, but by the careful definition and monitoring of a variety of environmental, financial, social and political variables.



Esther Gibbons

85 Rockström, Johan (2009), *op. cit.*, p. 19.

Box 8

The Gross National Happiness Index of Bhutan by Dasho Karma Ura

Bhutan's GNH Index is a multidimensional measure and it is linked with a set of policy and programme screening tools so that it has practical applications. The GNH Index is built from data drawn from periodic surveys which are representative by district, gender, age, rural-urban residence, income, and so on. Representative sampling allows its results to be broken down at various sub-national levels, and such disaggregated information can be examined and better understood by organisations and citizens for their own uses. In the GNH Index, unlike certain concepts of happiness in current Western literature, happiness is itself multidimensional – not measured by subjective well-being only, and not focused narrowly on happiness that ends and begins with oneself and is concerned for and with oneself. The pursuit of happiness is collective, although it can be experienced deeply by the individual. Different people can be happy in spite of their disparate circumstances but the options for trade-off must be wide.

The GNH Index is meant to orient the people and the nation towards happiness, by primarily improving the conditions of not-yet-happy people. We can disaggregate the findings of the GNH Index to see where unhappiness arises from and for whom. For policy action, the GNH Index enables the government and others to increase GNH in two ways. It can either increase the percentage of people who are happy or decrease the extent of insufficient conditions affecting people who are not-yet-happy. In the way the GNH Index is constructed, there is a greater incentive for the government and others to decrease the insufficiencies experienced by not-yet-happy people. Not-yet-happy people in rural Bhutan tend to be those who attain less in education, living standards and balanced use of time. In urban Bhutan, not-yet-happy people are insufficient in non-material domains such as community vitality and culture and psychological well-being. In the capital Thimphu, for example, the biggest insufficiencies are in community vitality.

The GNH Index provides an overview of performances across nine domains of GNH (psychological wellbeing, time use, community vitality, cultural diversity, ecological resilience, living standard, health, education, good governance). The aggregation method is a version of the Alkire/Foster method.⁸⁶ The index is aggregated out of 33 clustered (grouped) indicators. Each clustered indicator is further composed of several variables. When unpacked, the 33 clustered indicators have 124 variables, the basic building blocks of the GNH Index. Weights attached to variables differ, with lighter weights attached to highly subjective variables. A threshold or sufficiency level is applied to each variable. At the level of domains, all nine domains are equally weighted as they are all considered to be equally valid for happiness.

» continued

⁸⁶ Alkire, Sabina (2002), *Valuing Freedoms: Sen's Capability Approach and Poverty Reduction*, New York; Alkire, Sabina and James Foster (2007), *Counting and Multidimensional Poverty Measurement*, Oxford Poverty and Human Development Initiative, Working Paper 7, University of Oxford; Alkire, Sabina and Maria Emma Santos, (2010), *Acute Multidimensional Poverty: A New Index for Developing Countries*, Oxford Poverty and Human Development Initiative, Working Paper 38, University of Oxford.

A cut-off point is set to be counted as happy. Not all people need to have sufficiency in each of the 124 variables to be happy. People are diverse in the ways and means they can have fulfilling life. People have freedom of choice as to ways they can make life fulfilling, so not all variables have universal applicability. For such reasons cut-off was set at 66 per cent of the variables. People can be considered happy when they have sufficiency in 66 per cent of the (weighted) indicators. The GNH Index value for 2010 is 0.737. It shows us that almost 41 per cent of people in Bhutan are extremely happy and about 50 per cent are considered moderately happy. Cut-off does make a difference in the GNH Index. The low score of the GNH Index is a result of its requirement that a diverse set of conditions and states, represented by 124 variables, must be simultaneously prevalent for a person to be robustly happy. It is a tougher measure because it is not focused on survival like the poverty measures, but rather on flourishing over a wide array of conditions.

The index also allows for further disaggregation. We could also break the population above into four categories of GNH attainments.

- › 8.7 per cent of people have achievements in less than 50 per cent of the domains. This group consists of not-yet-happy people.
- › 50.4 per cent of people have achievements in 50 to 65 per cent of domains (half to just under six domains). This group is just happy.
- › 32.6 per cent of people are happy in six/just under seven domains. This group is very happy.
- › 8.3 per cent of people have achievements in over seven to nine domains, so would be extremely happy.

The GNH survey in 2010 covered an extraordinarily large sample of 7,100 people. One of the questions in the survey was on how an individual rates happiness on a scale of zero to ten. The results to this question show subjective happiness or subjective well-being, and the national average was 6.06 (standard deviation 1.6) for 2010, suggesting a very good level of happiness in Bhutan. Not just the national average, but the distribution of people over the scale of zero to 10 is important. If we group the people into three classes according to the level of their scores, 3.87 per cent of the population scored between zero and four. We might consider this group to be clearly not-yet-happy people. The bulk of the population – 78.79 per cent – score between four and seven, and 17.3 per cent score between eight and ten.

Towards Global Sustainability Goals



Peace, human rights and respect for nature are the key pillars of a new Global Sustainability Goals (GSG) framework, and equity is what brings them together. The question is not whether they can be achieved simultaneously, but rather that none can be achieved without the others. They are building blocks of the UN Charter and the Millennium Declaration. These documents can build the basis for any future GSG framework. In this regard, we agree with the UN Secretary-General who said: *‘When considering the elements of a post-2015 development agenda, the world community may revisit the values and principles of the Millennium Declaration as a starting point for renewing its vision of global development in the light of contemporary challenges.’*⁸⁷

The UN Secretary-General added that several core values and objectives of the Millennium Declaration did not receive sufficient emphasis in the Millennium Development Goals agenda, *inter alia* in addressing inequalities, pursuing environmental sustainability, food and nutrition security, addressing human rights and good governance, and ensuring peace, security and sustainable global development.

For human society to be sustainable in a globalised world, the **planetary boundaries** need to be respected and, if already exceeded, unsustainable activities have to be stopped; the trends may even need to be reversed, as is the case with the accumulation of CO₂ in the atmosphere. How to distribute the financial burden of these adjustments is a difficult task. This needs to be done while preserving global financial and political sustainabilities. It is up to science to determine with increased precision the planetary boundaries.

The framework of **peace** is already well established in the UN Charter and what is required now is *‘to seek the peace and security of a world without nuclear weapons’* as promised by US President Barack Obama in Prague on 5 April 2009, and to define the related goals and indicators. As for the **dignity** inherent to every human being, according to the Universal Declaration on Human Rights, the goals for well-being are clearly set.

The rights to food, health and education impose mandates to achieve an infant mortality rate of less than 10 per thousand live births (since all mortality above this figure is related to malnutrition and poverty), universal attendance of all births by trained personnel, universal access to safe water and sanitation, universal attendance in school by both girls and

⁸⁷ UN Doc. A/66/126, para. 55.

boys, and even universal access to phone and internet services.⁸⁸ Basically the expiry date of the MDGs in 2015 does not leave the international community without an orientation, because all of the first six goals of the MDGs can be read as a request to fulfil existing rights in accordance with the International Covenant on Economic, Social and Cultural Rights (ESCRs). And human rights demand more ambitious goals, not found among the MDGs, such as the right to social security (article 22 of the Universal Declaration), now re-emphasised as the legal basis for the SPF.

The national and international development discourse should not be about picking certain goals as a priority, since all have already been agreed upon, but about when they will be progressively achieved. The realisation of these rights is a responsibility of governments *'individually and through international assistance and co-operation, especially economic and technical, to the maximum of available resources,'* according to the Covenant on ESCRs. The prioritisation of 'maximum available resources' to fulfil those rights demanded by the Convention also applies to international support. In order to monitor the effective use of the maximum available resources (including those of international cooperation) the Universal Periodic Review (UPR) of the Human Rights Council should be strengthened to perform this task.

The notion that eradicating poverty and reaching basic dignity for all requires a model of development that destroys the environment is wrong. The leaders of the world made that point in Rio 20 years ago and stated that *'the major cause of the continued deterioration of the global environment is the unsustainable pattern of consumption and production, particularly in industrialized countries [...] aggravating poverty and imbalances'*.⁸⁹

If fulfilment of basic dignity levels for the enjoyment of social, economic and cultural rights is not incompatible with sustainability and achievable with existing resources, failure to achieve it is not just an ethical fault but also a threat to the sustainability of the global system, increasingly perceived as unjust, unfair, inequality-creating and therefore illegitimate.

⁸⁸ Article 19 of the Universal Declaration on Human Rights says: *'Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.'*

⁸⁹ United Nations (1992), *op. cit.*, Ch. 4, para. 3.

Box 9

A Framework for Global Sustainability Goals

The following list is the preliminary result of a joint brainstorming exercise of Reflection Group members. It is work in progress and should only illustrate the thematic scope of a potential set of global goals discussed in the group, without specifying individual goals and targets. By all means, any future framework of Global Sustainability Goals (GSGs) should be adopted universally but it should simultaneously take account of the specific framework conditions of the individual countries. What we need are common goals but differentiated targets and indicators. The goals should reflect the principles of solidarity and subsidiarity. In addition, GSGs have to incorporate strong transparency and accountability mechanisms at national and global levels. Without them any set of goals remains meaningless. Furthermore, a new set of GSG indicators should measure not only access and outcome but also the maximum available resources at national and global levels to achieve the goals. This includes the calculation of extraterritorial obligations and fair and equitable burden-sharing formulas, for example with regard to the costs of climate change. Finally, a future set of GSGs should reflect the fair (re-)distribution of access rights and resources within the planetary boundaries – that is, the ecological limits of the Earth. The proposed framework for the GSGs is based, *inter alia*, on the core values laid out in the Millennium Declaration.

Core Goal 1 – Dignity and Human Rights for All

Targets on:

- › Poverty eradication
- › Full employment
- › Decent work
- › Social security
- › Food security
- › Water/sanitation
- › Housing
- › Health, including reproductive health
- › Education
- › Cultural diversity
- › Fundamental freedoms (movement, religion, thought, speech, information, association, sexual orientation)
- › Anti-discrimination laws

Core Goal 2 – Promote Equality and Justice

Targets on:

- › Gender equality and equity, and women's empowerment
- › Income and wealth (Gini coefficient or similar measure)

Core Goal 3 – Respect for Nature and the Planetary Boundaries

Targets on:

- › Ecological footprint
- › Climate change/per capita greenhouse gas emissions
- › Rate of biodiversity loss
- › Nitrogen input to the biosphere
- › Global freshwater use
- › Change in land use
- › Ocean acidification
- › Interference with the global phosphorous cycle
- › Ozone depletion
- › Chemical pollution
- › Deforestation
- › Renewable energy
- › Energy consumption
- › Resource/energy efficiency (Factor Five)
- › Total resource accounting

» continued

Core Goal 4: Building Peace through Disarmament

Targets on:

- › Abolition of nuclear weapons
- › Reduction of production and trade of arms (including small weapons)
- › Reduction of military expenditures

Core Goal 5: Foster Fair and Resilient Financial Systems

Targets on:

- › Macroeconomic imbalances
- › Global currency mechanism to prevent volatile fluctuations and competitive devaluations
- › Illicit financial flows
- › Transparency of financial flows
- › Debt sustainability
- › Environmentally and socially harmful subsidies
- › Harmful tax competition
- › Total economic valuation of Foreign Direct Investment and TNC activities
- › Participatory and gender budgets

Core Goal 6: Strengthen Democratic and Participatory Governance

Targets on:

- › Access to participation in decision-making for all (at all levels)
- › Access to complaint mechanisms (ombudsmechanisms) for all in case of rights violations or violations of rights of future generations at all levels of governance.
- › Full citizen rights for residents and eradication of discriminatory practices against immigrants, migrants, refugees and asylum seekers
- › Citizen empowerment

III » Redirecting policies towards present and future justice

In the past decades governments agreed formally on an almost comprehensive set of sustainability principles and human rights. But they failed to bring their policies into line with them effectively. Instead, policies are still too often sectorally fragmented and misguided, with an over-reliance on economic growth and self-regulation of the ‘markets’. New concepts like ‘green growth’ are at best attempts to treat the symptoms of the problems without tackling their root causes. Instead, fundamental changes at three levels are needed:

- » **Changes in the mindset**, the guiding concepts and indicators of development and progress.
- » **Changes in fiscal and regulatory policies** at national, regional and international levels in order to effectively overcome social inequalities and the degradation of nature and to strengthen sustainable economies.
- » **Changes in institutions and governance mechanisms** at national, regional and international levels.

The mindset of many opinion leaders and political decision-makers worldwide is still focused on economic growth and market-driven solutions as the panacea for all economic, social and environmental problems in the world. Governments are not (and should not be) in a position to change the dominant mindset by command and control. But they are obliged to draw lessons from the failures of the past and reformulate the overall objectives of their policies and related concepts and metrics that guide them. Instead of subordinating their policies to the overarching goal of maximising GDP growth, the leitmotif of their policies should be maximising the well-being of the people without compromising the well-being of future generations by respecting the planetary boundaries.

In order to translate the universal sustainability rights framework outlined above into practical policy at national level, governments and parliaments should adopt binding commitments to policy coherence for sustainability as well as strategies for implementation and

monitoring. Based upon the core set of universal principles, such as the precautionary principle, the ‘do no harm’ principle, the subsidiarity and the solidarity principles, all public policies should be redirected towards human rights and sustainability and be subject to sustainability and human rights impact assessments.

In order to place the core set of fundamental principles and human rights in a normative framework of sustainability, well-being and societal progress, we propose a new **Charter on the Right to Sustainable Development**. This Charter should refer, *inter alia*, to the World Charter for Nature (1982) and the UN Declaration on the Rights of Indigenous Peoples (2007), as well as update and upgrade the Declaration on the Right to Development (1986). The new Charter should emphasise the commitment of governments to policy coherence for human rights and sustainability. It should reconfirm the obligation to progressive realisation of human rights, using optimally the maximum available resources and expand it to the right to sustainable development and the stewardship of the rights of future generations. It should acknowledge the concept of planetary boundaries. Finally, it should confirm the principle of fair burden-sharing and equitable per-capita rights to the global commons and to the emission of greenhouse gases, taking fully into account the historical responsibilities of societies.

Policies should maximise the well-being of the people without compromising the well-being of future generations by respecting the planetary boundaries.



Green-washed capitalism is not the answer by Hubert Schillinger

'Bio-capitalism' or 'green-washed capitalism' is no more economically sustainable than any other form of unregulated capitalism. To make economies less prone to financial, economic and social turmoil there is a need for stringent regulation of the financial sector, returning it to its role as servant, not master, of the 'real economy'. As the financial crisis has again shown quite clearly, markets and companies themselves do not produce sustainable outcomes, neither economically, nor socially, nor environmentally.

Yet, at the centre of the official approaches to climate change and other environmental challenges we find newly created markets for pollution or emission permits that were developed in the pre-financial crisis world, when neoliberal market fundamentalism had full rein. There is increasing evidence that the design of some of these market-based instruments is seriously flawed. In particular the mechanism of 'offsetting', whereby companies or countries can pollute beyond their assigned limit by buying pollution or emission certificates from other companies or countries, has come under criticism. This 'Clean Development Mechanism' (CDM) has been described as a modern variety of the medieval sale of indulgences in Europe that just serves to avoid any environmental action:

Firms that want to continue emitting carbon simply need to buy a piece of paper certifying that some firm somewhere else is committing correspondingly less carbon than it otherwise would have done. [...] As for the carbon-reducing firm [...] that firm does not actually have to reduce its carbon emissions. It merely has to reduce them to what they otherwise might have been. [...] The sale of indulgences through the CDM creates incentives not to reduce carbon emissions but to threaten to increase them as much as possible.⁹⁰

In light of the increasing body of criticism of this and other purely market-based approaches there is sufficient evidence that these new environmental markets also need stronger and better regulation and partly redesign. More weight should be given to the more state-centred instruments of taxation and regulatory controls in the overall policy mix.

Furthermore, building strong and robust public social protection systems within the limits of the available resources is a key tool for addressing people's vulnerability and promoting their resilience to crises, including the consequences of climate change and other environmental crises. As a minimum, a global social protection floor must be put in place.⁹¹ New employment created in the transition ('green jobs') must not be worse in terms of remuneration, working conditions and democratic rights of workers than the jobs in the old 'brown economy' that are replaced. Social dumping is not a way forward to the 'decoupling' of well-being from resource extraction and consumption.

⁹⁰ Collier, Paul (2010), *op. cit.*, p. 177.

⁹¹ ITUC (2011), *Workers and trade unions' consolidated contribution to the United Nations Conference on Sustainable Development*, Brussels, p. 4.

7. Redirecting fiscal policies towards sustainability

Fiscal policy is a key instrument of governments to turn the rights-based approach of sustainability, well-being and societal progress into practice. The actual priorities of governments are reflected more clearly in public budgets than in government declarations and action programmes. Moreover, the composition of state budgets allows inferences to be drawn about the political influence of different interest groups: Is the military dominant? Are business interests pushed through? Or is public spending focused on the needs of the majority within a society and on correcting gender imbalances? In recent decades, we have witnessed the erosion of public finance in many countries, which has resulted in the growing inability of governments to provide the necessary public goods and services in support of people's welfare and care systems, thus failing to respond effectively to the aggravated social and environmental problems. Therefore, there is an urgent need to strengthen and redirect public finance.

Taking the four 'Rs' of fiscal policy seriously

Fiscal policy can basically have four purposes: the **raising** of revenues in order to provide the necessary public goods and services; the **redistribution** of income and wealth from the richer to the poorer sections of society; the **re-pricing** of goods and services in order to internalise ecological and social costs and discourage undesirable behaviour (such as currency speculation); and the justification for citizens to demand democratic **representation** (*'no taxation without representation'*) and accountability. Unfortunately, governments have rarely taken advantage of these aspects of a pro-active (which does not mean pro-cyclical) fiscal policy. On the contrary, they have often participated in a global tax race to the bottom (particularly with regard

In recent decades, we have witnessed the erosion of public finance in many countries, which has resulted in the growing inability of governments to provide the necessary public goods and services in support of people's welfare.



to corporate taxation). They have underemphasised progressive taxation, succumbing to vested interests, and have given preference to indirect taxes, like an undifferentiated value-added tax. This has often had regressive effects and has increased inequalities. In addition, many governments have hesitated to introduce effective taxes on environmentally harmful resource consumption. We need steps towards country-specific eco-social fiscal reforms, taking into account, *inter alia*, the following aspects:

- » **Emphasising progressive taxation:** A basic requirement for strengthening public revenues is a broad-based system of progressive taxation. In line with the principle of common but differentiated responsibilities taxation should be based on the ability to pay; rich individuals, transnational corporations and large landowners should be taxed accordingly. A flat and undifferentiated value-added tax is regressive, burdens the poor, and therefore should not constitute the centrepiece of the tax system. Any form of indirect taxation should be designed in a way that it is sensitive to the poor's welfare by introducing progressivity (for example, by taxing consumption of luxuries) and mitigating the regressive features.
- » **Greening the tax system:** A key element of any eco-social fiscal reform should be the taxation of resource consumption. Following the 'polluter pays' principle, a system of eco-taxes should particularly increase the 'price of pollution', the use of fossil fuels and other non-renewable energies, and the emission of greenhouse gases. These taxes are among the most promising tools to reduce the environmental impact of production and consumption. But their social outcomes can be ambiguous. On the one hand they can provide a 'double dividend' by reducing material and energy consumption and at the same time creating revenues that can be used to reduce taxes on labour and help employment. On the other hand, while being potentially good for employment, they tend to affect poor households more than wealthy ones. Provisions must therefore be made to overcome these regressive effects. Apart from outright subsidisation of basic amenities (for example, of public transport), systems of differential pricing could be instituted, ensuring that basic consumption levels of essential goods and services are provided to everybody at affordable prices (or even for free), for instance, through 'life-line' tariffs (water, electricity) or vouchers (for example, for firewood).
- » **Effective taxation of corporations:** An essential element of an efficient tax system includes the effective taxation of corporations. Tax exemptions or fiscal incentives for transnational corporations, particularly in export-processing zones, are counterproductive and an inefficient instrument to attract foreign direct investment. Tax holidays should be eliminated, if possible in an internationally coordinated way, and fiscal incentives should be well targeted and limited to areas that have high social and ecological benefits.

- » **Initiatives against tax evasion and illicit financial flows:** In many countries illicit financial flows, tax avoidance and corruption continue to prevent the establishment of a sustainable system of public finance. A bundle of national and international measures is needed to strengthen fiscal authorities, close tax loopholes and prevent capital flight. These include:
 - › Supporting governments in creating more efficient and fair tax structures and strengthening fiscal authorities.
 - › Effective measures against the manipulation of transfer pricing.
 - › Mandatory country-by-country reporting standards for transnational corporations, with the US American *Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)* of July 2010 as an initial – but by no means sufficient – step for the extractive industries.
 - › Binding rules for the automatic exchange of tax information between state agencies.
 - › Effective support for stolen assets recovery as described in the United Nations Convention against Corruption.
 - › Banning financial transactions in tax havens and secrecy jurisdictions – as well as closing down these safe havens for illicit money. Their existence is no coincidence but rather the result of deliberate policies in the interest of corporations and wealthy individuals. This is one of the cases where the principle of subsidiarity is abused to justify harmful practices in sub-national territories to the disadvantage of others.

- » **Applying the ‘polluter pays’ principle to the financial sector – introducing a Financial Transaction Tax:** Demands raised over many years for the introduction of a financial transaction tax have gained additional relevance through the recent global financial crisis. Such a tax can contribute to fairer burden-sharing by involving the financial sector, which caused the crisis, in covering the costs of coping with it. The tax should be levied on trading shares, bonds, derivatives and foreign currency on the stock exchange, at trade centres and in over-the-counter transactions. Imposition of the tax ought to be internationally coordinated and performed by the responsible national fiscal authorities, but individual countries or groups of countries should be encouraged to start applying it even before it becomes global. In order to ensure that tax revenue is not exclusively used to cure budget deficits but also spent for social and environmental purposes, a substantial part of the revenue should be earmarked and distributed through a fund under the auspices of the United Nations.

Box 11

Greening the tax system by Filomeno S. Sta Ana III

Green taxes, fees and user charges are essential components of a sustainable economy. Green taxes perform three important functions, namely:

1. They generate significant revenues, which contribute to financing development, promoting equity and maintaining macroeconomic stability.
2. They correct for the external costs of market failure. Specifically we refer to failure to capture the full costs of economic activities, including consumption, that damage the environment or threaten the well-being of future generations. The taxes capture (or internalise) the full costs of the negative effects or spillovers.
3. Similarly, green taxes serve the sumptuary objective of altering people's consumption behaviour by increasing prices of goods that are environmentally harmful.

Biodiversity, environmental sustainability and slowing down climate change are all public goods. In fact, amidst climate change, these are all global public goods. In order to provide public goods, government intervention is inescapable. It goes without saying that green taxation is one of the principal tools for collective action, be this at the national level or the supra-national level.

Green taxes do yield substantial revenues, for the goods and transactions they cover are part of the day-to-day lives of peoples. Everyone has a carbon footprint; almost no-one can avoid using non-renewable resources. The full costs of such consumption, ordinarily not reflected in the market price, can only be accounted for through taxation.

Thus even a modest tax rate translates into big revenue gains. In turn these additional revenues can be used not only to protect the environment but also to finance development in general, especially in countries in the global South.

Take the case of the carbon tax. Its main objective is to address the market failure (or the negative externality) that leads to environmental damage. At the same time, the potential revenues from a carbon tax are huge. A carbon adaptation tax, as proposed by the Swiss Government in 2009, could generate global revenues, which are expected to be around US\$ 48.5 billion per year.⁹² These revenues could be raised according to the 'polluter pays' principle through a levy of US\$ 2 per ton of CO₂ on all fossil fuel emissions, with a tax-free emission level of 1.5 tons of CO₂ per capita.

Progressive taxation is a cardinal principle. That is to say, the rich or the better-off classes have to pay higher taxes or higher tax rates than the poor or the lower-income groups.

» continued

⁹² Cf. Brown, Jessica et al. (2009): *Financing Climate Change Adaptation and Mitigation in Africa: Key Issues and Options for Policy-Makers and Negotiators*, Addis Ababa: United Nations Economic Commission for Africa, p. 23.

One can argue that green taxes are generally progressive. After all, it is the rich people who have a much bigger carbon footprint than the poor. They ride airplanes; they own gas-guzzling SUVs; they turn on air-conditioning units 24 hours a day; they have all the latest entertainment gadgets that use up a lot of energy; and they wear precious metals mined from Africa and Asia.

But the poor also consume non-renewable resources and engage in activities (for example, cutting wood for cooking or doing slash-and-burn for a living) that destroy the environment. They must be subject to green taxation and regulation, too. After all, reducing further damage through such taxation and regulation will ultimately be for their benefit, since they are the most adversely affected by the problems arising from climate change and environmental destruction.

Policy-makers, however, have to find ways to compensate for the negative impact of the tax that affects the poor. For example, a tax imposed on petroleum can be designed in a way that poor farmers or fishermen can purchase fuel at a lower price through, say, a voucher system. Further, the price increase in transportation from a tax hike in petroleum can be offset by a subsidy for energy-efficient mass transportation.

Carefully designed, a green tax system can contribute to reducing environmental degradation, raising public revenues and altering consumers' behaviour without adversely affecting the poor.

Reallocation of government spending

Parallel to the necessary changes on the revenue side of the budget, any effective eco-fiscal reform requires fundamental changes on the expenditure side as well. Too often public money has been spent for harmful or at least questionable purposes. By redefining priorities, public spending policy can become a powerful tool to reduce social inequalities and remove discrimination and to support the transition towards sustainable production and consumption patterns. This includes the following steps:

- » **Abolition of harmful subsidies:** While subsidies can be a useful temporary mechanism to compensate vulnerable sectors for unexpected distortions or to promote desirable activities, every year governments spend hundreds of billions of dollars on harmful subsidies, particularly in the agricultural, water, energy, forestry and fishery sectors. Public money is used at home and abroad (through multilateral development banks) to lower the price of fossil fuels, to support agricultural exports, or to subsidise transnational investments. These kinds of subsidies not only have detrimental social and environmental

effects; by artificially lowering the prices, they often reduce the profitability of local industries and the production of renewable energy. In essence, the negative effects of subsidies are threefold. They absorb a substantial portion of state budgets that could otherwise be used for better purposes; they contribute to environmental damage by creating misleading consumer and production incentives; and they have negative distribution effects. Therefore, governments should commit to time-bound targets to phase out as soon as possible all subsidies that support unsustainable production and consumption patterns or otherwise violate the ‘do no harm’ principle.

- » **Strengthening public spending to stimulate sustainable production and consumption:** Not all subsidies are harmful. On the contrary, subsidies can play an important role in supporting emerging local industries and introducing environmentally friendly technologies. Well-targeted subsidies can have positive redistributive and environmental effects. Governments should substantially strengthen public subsidies in areas such as renewable energy, sustainable and affordable public transport systems, eco-efficient housing, social infrastructure and consumption subsidies to poor households.

In 2011 military expenditures reached a total historic high of US\$ 1.74 trillion.

- » **Cutting military spending:** Military expenditures absorb a significant share of state revenues in most countries. In 2011 they reached a total historic high of US\$ 1.74 trillion.⁹³ If military budgets were reduced, large sums of money could be freed up for funding environmental and



John Nyberg

93 Cf. www.sipri.org/media/pressreleases/press-release-translations-2012/milexbgeng.pdf.

social programmes. A precondition for this, however, is strengthened support for conflict prevention, peaceful conflict resolution and, if needed, peacekeeping and peacebuilding. At the same time, the largest arms-producing countries (in particular the five permanent members of the Security Council) have a responsibility to improve the control and regulation of their arms exports and to support an effective Global Arms Trade Treaty – including small arms.

Public authorities have to reclaim the responsibility to provide essential services for all citizens, including education, healthcare, shelter, public transport, communication, access to energy, and freshwater supply.



- » **A universal social protection floor for all:** Access to social security is a human right (Art. 22 of the Universal Declaration of Human Rights). But it is also an economic and political necessity, for a working social security system reduces poverty, strengthens the purchasing power of the people and hence domestic demand, and prevents social tension and societal conflicts. A publicly financed minimal set of basic social security entitlements ought to exist in every country. It would be a necessary condition to prevent people from falling into poverty as a result of economic crises and functions in an anti-cyclical way to these crises. Therefore, governments should implement the concept of a universal social protection floor, as promoted by the ILO. It should be based on the following four pillars:
 - › Universal access to public healthcare for all;
 - › Guaranteed state allowances for every child;
 - › A universal basic pension provided by the state for persons in old age or with disabilities;
 - › Guaranteed state support for unemployed and underemployed people living in poverty.
- » **Public provision of essential services:** After years of a global trend towards privatisation and deregulation, public authorities have to reclaim the responsibility to provide essential services for all citizens, including freshwater supply, sanitation, education, healthcare, shelter, public transport, communication, and access to energy. Governments should substantially increase the spending level in these areas. With sustainable stimulus packages governments should invest in targeted infrastructure programmes in order to increase energy and resource efficiency. Following the subsidiarity principle, priority should be given to promoting decentralised models of water and renewable energy supply, with strong public oversight, and to reduce the market power of oligopolistic public or private suppliers. In order to pay attention to the rights and interests of indigenous peoples and local communities, public authorities and private companies must respect the principle of free, prior and informed consent in all infrastructure projects.

- » **Strengthening participatory, gender and human rights budgeting initiatives:** Free access to budgetary information as well as effective control are essential to increase the accountability of governments to their citizens in their use of public funds. Governments should therefore ensure the effective participation of civil society in budgetary planning. Whether and to what extent governments are actively promoting gender equity in their budgets should be determined with the help of gender-budgeting approaches. Similarly, governments should assess if budgets are complying with their obligation to promote, protect and fulfil the economic, social and cultural human rights of present and future generations.
- » **Using public procurement policies to promote sustainability:** Public authorities from the local to the global level have an enormous purchasing power. So far they have been guided mostly by criteria of cost-effectiveness. However, more and more public procurement operators are trying to influence the production methods and products of their suppliers by introducing environmental, social, cultural and human rights standards. In addition, in line with the principle of subsidiarity, procurement policies could be used specifically to strengthen the local economy by supporting domestic producers and suppliers.

Using sovereign wealth funds to finance sustainable investment

Assets under management of sovereign wealth funds had reached US\$ 4.7 trillion by July 2011. There was an additional US\$ 6.8 trillion held in other sovereign investment vehicles, such as pension reserve funds, development funds and state-owned corporations' funds. There is an enormous potential to invest these assets in accordance with specific sustainability objectives. Governments should authorise the decision-making bodies of these funds to introduce binding sustainability criteria to guide their investment policies.

A new global system of financial burden-sharing beyond ODA

Even with a fundamentally strengthened system of public finance, with increased tax revenues and reallocated public expenditures, in many countries the maximum available resources will not suffice to fulfil the social, economic, cultural and ecological rights of the people. External funding will therefore still be required. The current system of financial transfers is based on the concept of aid (official development assistance – ODA). It is characterised by paternalistic relationships between rich donors and poor 'partners'. Despite all attempts to increase 'ownership' and 'aid effectiveness', these financial flows are often unpredictable,

volatile, tied to products and services from donors and subject to conditionalities. This concept of aid is misleading, as its justification is charity instead of rights. Governments have to overcome this concept of aid and establish a new normative framework of burden-sharing between rich and poor countries based on the solidarity principle – for example, in the form of a **universal fiscal equalisation scheme**. Models for this type of compensation or equalisation already exist on the national and regional level. In Germany, for example, regional inequalities are to be compensated for by a system of financial income adjustment between the federal states. In the European Union cohesion and economic equalisation are financially supported by a compensatory structural policy. Such a model would be consistent with the International Covenant on Economic, Social and Cultural Rights. The realisation of these rights is a responsibility of governments *‘individually and through international assistance and co-operation, especially economic and technical, to the maximum of available resources.’*⁹⁴ The prioritisation of resources for ESCRs also applies to international assistance, as most recently highlighted in the Maastricht Principles on Extraterritorial Obligations of States in the area of Economic, Social and Cultural Rights.⁹⁵

The second pillar of a new normative system of financial transfers should build on the ‘polluter pays’ principle and the principle of common but differentiated responsibilities. This is particularly relevant in order to allocate the costs of climate change. In accordance with these principles, those countries that are responsible for and indeed have profited from the damage that the excessive emission of greenhouse gases is causing – and will be causing in the future – have to compensate for the costs. They have accumulated *climate debt* that they will have to pay off over the coming years and decades. A **compensation scheme to pay off climate debt** should be guided by the principles of fair burden-sharing and equitable per-capita rights, taking fully into account the historical responsibilities of societies.

94 UN General Assembly (1966): *International Covenant on Economic, Social and Cultural Rights*, New York, Art. 2.

95 [www.icj.org/dwn/database/Maastricht ETO Principles - FINAL.pdf](http://www.icj.org/dwn/database/Maastricht%20ETO%20Principles%20-%20FINAL.pdf)

Box 12

Reaffirming the principle of common but differentiated responsibilities in trade and finance

by Chee Yoke Ling

The widening equity gaps both between and within countries have to be addressed simultaneously with the environmental challenge. More equal societies have higher 'social capital'; that is, there is more trust and cooperation among citizens, which contributes to social well-being. More equity reduces the need for growth as a prerequisite to meet social needs. And in more equal societies more sustainable consumption patterns and lifestyles are easier to achieve.

Additional challenges refer to the global justice question and the principle of common but differentiated responsibilities. Out of this arise a *'three-prong approach to achieve sustainable development: (1) The developed countries have to take the lead in changing production and consumption patterns (their economic model); (2) Developing countries would maintain their development goals but take on sustainable development methods and paths; (3) Developed countries commit to enable and support the developing countries' sustainable development through finance, technology transfers and appropriate reforms to the global economic and financial structures or practices.'*⁹⁶

For countries of the global South to leapfrog over unsustainable patterns of production and consumption, rich countries must honour their commitments to provide favourable access to and transfer of environmentally sound technologies given under Agenda 21, the United Nations Framework Convention on Climate Change and other international conventions.

On top, there is a need for new and additional international financial resources on an unprecedented scale. Furthermore, there should be no indirect and unfair shifting of the burden of adjustment to countries of the global South by using unilateral trade measures against products from these countries on the grounds that they generate emissions during the production process above a certain level. 'Green protectionism' in the form of unilaterally imposed 'carbon tariffs' or 'border adjustment taxes' has to be rejected.

Instead, we support the principle that *'any trade measures linked to the environment should be addressed by negotiations for an international treaty and any treaty containing obligations on developing countries must have provisions for technology transfer and financial resources as an integrated contractual obligation.'*⁹⁷

⁹⁶ Khor, Martin (2011), *op. cit.*, p.70.

⁹⁷ Khor, Martin (2011), *op. cit.*, p.73.

Beyond the 0.7 per cent target

Changes in the normative framework of financial transfers will also affect the so-called 0.7 per cent target. In 2010 the 0.7 per cent target experienced its 40th anniversary of non-fulfilment, since the governments in the UN General Assembly set the target in 1970.⁹⁸ The decision was based on the then-dominant concept of modernisation. It was felt that a ‘big push’ in foreign capital was needed to allow so-called developing countries to ‘take off’ towards enduring economic growth. At that time, experts from the World Bank estimated the capital gap at around 10 billion dollars, equivalent to around 1 per cent of the GDP of the so-called industrialised countries. In 1969 the Pearson Commission recommended giving so-called developing countries 0.3 per cent of the GDP in form of private capital and 0.7 per cent in the form of ODA.⁹⁹ This marked the birth of the 0.7 per cent target.

Today, this 0.7 per cent figure has only symbolic political importance as an ‘indicator of solidarity’. The 0.7 per cent target cannot explain what the fulfilment of the sustainability rights framework will actually cost, how much the respective countries could contribute themselves and how much external capital would be needed to fill the gap. All estimates of the external financial needs, along with the new and additional resources required for climate mitigation measures and climate change adaptation, show, however, that the financial transfers needed go well beyond the 0.7 per cent of the GDP mark. However, the justified criticism of the original context on which the 0.7 per cent target was based in no way legitimises turning away from international obligations.

We need to change perspectives and move away from an aid-based approach to a rights-based approach of external public finance in the spirit of the solidarity principle. Further development of the UN General Assembly resolution from 1970 to adjust the normative framework of financial transfers to the realities of the present is long overdue. This could take place in the context of the proposed Charter on the Right to Sustainable Development.

Proposals for new and more predictable forms of financial transfers are not new. *North-South: A Programme for Survival*, the report issued in 1980 by the international Brandt Commission, proposed the raising of revenues for development through ‘automatic’ mechanisms, which can

98 UN General Assembly (1970), *International Development Strategy for the Second United Nations Development Decade* (Resolution 2626 (XXV), 24 October 1970), para. 43.

99 Pearson, Lester B. (Chairman) (1969), *Partners in Development - Report of the Commission on International Development*, New York/Washington/London, p. 18.

work without repeated interventions by governments. *'We believe that over time the world must move to a financial system in which a progressively larger share of such revenues is raised by these means. The fact that revenues are raised automatically does not, of course, imply that their transfer should be automatic; on the contrary, they should be channeled through an appropriate international agency or agencies [...].'*¹⁰⁰ More than 30 years after this visionary report, it is time to turn these ideas into reality.

8. Strengthening public policies to promote sustainability



BP America

Workers clean tar balls from beaches, Perdido Key, FL. 12 June 2010 following the BP oil spill disaster in the Gulf of Mexico.

Setting rules and standards is a central task of responsible governments and international organisations and a key instrument of active policy-making. Over the past 30 years, however, governments have too often weakened themselves by adopting policies of deregulation and financial liberalisation. Instead, they have trusted in corporate voluntarism and self-regulation of 'the markets'. Public standard-setting and regulation have often been denounced as *command-and-control policies*. However, unfettered financial markets made the current financial meltdown possible, weak anti-trust laws allowed transnational banks to become *too big to fail*, and the inadequate translation of the precautionary principle into mandatory technology assessments led to catastrophes such as in the cases of Fukushima, Bhopal and the BP oil spill disaster in the Gulf of Mexico.

¹⁰⁰ Independent Commission on International Development Issues (1980), *North-South: A Programme for Survival*, Cambridge, p. 244.

In response to the recent financial and food crises, governments have started to introduce new rules and standards, as in October 2011 when the US Commodity Futures Trading Commission set modest rules to limit speculation in commodities. But much more remains to be done to restore public rights over corporate privileges and to strengthen the rule of law in the interest of present and future generations.

In the following we highlight a few key measures in the areas of finance, food, land and water, and decent work, as examples of the necessary strengthening of public policies in all sectors.

A new regulatory framework for the financial markets

The transition towards a rights-based framework of sustainability will not be possible with a global financial system dominated by speculation and greed. To overcome the deficiencies of this system a fundamental re-regulation of the financial markets is necessary in order to put them once again at the service of the real economy. Key elements of such a new regulatory framework include:

- » **Reform of competition and anti-trust policies.** After the collapse of Lehman Brothers in September 2008, governments decided to bailout most of the biggest banks of the world because they were *'too big to fail'*. In fact they had failed already and their irresponsible business conduct propelled one of the worst financial crises in history. In order to prevent future recurrences, governments should no longer allow companies and banks to grow in unlimited fashion. *'Too big to fail'* should be translated into *'too big to allow'*. Today many transnational banks and corporations have bigger budgets than states. They form non-transparent conglomerates of thousands of subsidiaries and affiliated companies, many of them based offshore in secrecy jurisdictions like the City of London. To limit the power of these companies, governments should break up corporate structures, and adopt effectively coordinated anti-trust rules under the auspices of the United Nations.
- » **Higher minimum capital requirements and risk prevention:** Another lesson learnt from the recent financial crisis calls for stricter minimum capital requirements for large banks beyond the insufficient rules of Basle III. Additionally, special purpose vehicles and transactions not appearing on the balance sheets, and which serve the purpose of evading supervision and minimum standards, ought to be banned. In other words, the shadow banking system has to be closed down. Speculative trading of banks for their own accounts (proprietary trading) and investment in hedge funds have



Nick Thompson

In line with the precautionary principle, a systematic impact assessment of all (new) financial products would be needed.

to be banned. And finally, the separation of commercial banking and investment banking, introduced in the United States through the Glass-Steagall Act of 1933 and repealed in 1999 through the Gramm-Leach-Bliley Act, has to be restored.

- » **A Financial Product Safety Commission:** The constant development of new financial products and innovative forms of securitisation and the transformation and bundling of loans in stocks and shares that can be traded has considerably increased opacity and vulnerability to crises. In line with the precautionary principle, a systematic impact assessment of all (new) financial products would be needed. We support the recommendation of the Stiglitz Commission to establish at global level a Financial Product Safety Commission for this purpose.
- » **Stricter standards for hedge funds and private equity funds:** More effective international regulation is required in order to avoid the destabilising effects of hedge funds and private equity funds on the global financial system. This includes a comprehensive duty of disclosure vis-à-vis the financial supervisory authorities, rules on the restriction of credit given to such funds and a ban on pension funds and insurances investing in these highly speculative funds.
- » **Public control of the rating agencies:** Owing to their flawed analyses, rating agencies bear part of the responsibility for the latest financial crisis – as they have for previous crises, such as the Asia crisis in the late 1990s. The world market is dominated by an oligopoly of three US firms (Standard & Poor, Moody, and Fitch). Their assessment criteria are not transparent. Since they are paid by their clients, whether it be banks, companies or governments, they are in a structural conflict of interests. Business relations with clients and the rating of client products ought to be separated. Greater public control of these agencies is required and their assessment criteria should be fully disclosed. It is time to break up the oligopoly of these firms and to establish an international, not-for-profit rating agency.
- » **De-privatising the setting of international accounting standards:** The International Accounting Standards Board (IASB) is an excellent example of a private organisation by formal legal criteria assuming quasi-sovereign responsibilities; the international standards set *de facto* become law in many countries. The IASB statutes ought to be reformed with a view to this organisation no longer operating as a privately owned company and its finances must be removed from control by the major auditing firms. The IASB should be transformed into an international authority under public ownership and control.

Safeguarding water, land, and food from abuse and speculation

Nearly 1 billion people suffer from hunger and hundreds of millions more lack adequate nutrition. Food prices have reached historically high levels and are expected to continue to rise. Experts anticipate large fluctuations in prices and shortages of food in the future, with concerns that increased numbers of people will suffer from hunger and threatened livelihoods. According to estimates from the United Nations Food and Agriculture Organization (FAO), global agriculture could easily feed the 7 billion people living on the planet today.¹⁰¹

Hunger is a result of the structure of power in the global food system, with its emphasis on production for profit regardless of the consequences. The current system of food production, which treats finite resources, such as land and water, as commodities is unsustainable. This system privileges countries of the global North and leaves little room for poor countries to promote local food production and achieve national food security. Like the FAO, other agencies within the UN have conducted serious research on these issues and found that business as usual is not an option.

The current system of food production, which treats finite resources, such as land and water, as commodities is unsustainable.



Dan Davison

¹⁰¹ Cf. FAO (2012), *FAO Statistical Yearbook 2012: World Food and Agriculture*, Rome, p. 174.

Following up on the 2002 World Summit on Sustainable Development, extensive knowledge on sustainable water, land, and food policy has been synthesised in the International Assessment of Agricultural Science, Knowledge and Technology for Development (IAASTD) report.¹⁰² Similarly, the normative framework has been set and spelled out by the UN human rights system, in the Voluntary Guidelines on the Right to Food, the General Comment on the Right to Water and most recently, the adoption of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the context of National Food Security. Yet, crucial policy recommendations and indications are still waiting for bold implementation.

Policy-makers must abandon the current interest-driven food system. In order to safeguard water, land and food from abuse and speculation the following steps are essential:

- » **Invest in sustainable long-term goals and tame short-term speculation.**¹⁰³ Financial firms and agro-industrial companies have moved very large sums into produce markets or derivatives markets based on agricultural products. Four companies control 75 per cent of the world's grain trade,¹⁰⁴ while governments – under pressure from the World Bank and the IMF – have dismantled their national food reserve and marketing systems. Speculative investment funds have multiplied, as billions of dollars have flowed into the derivatives markets, driving prices higher, contributing to price volatility and resulting in increasing financial desperation for small producers. Policy solutions to this dangerous speculative frenzy should include tough new market controls to limit speculative pressures. Public grain reserves and marketing arrangements at the local, national and regional levels would greatly help to buffer speculative price swings and maintain stocks for emergencies.
- » **Stop land-grabbing.**¹⁰⁵ In recent years, hedge funds, governments and agro-industrial companies have been buying or leasing large blocks of agricultural land worldwide in a process known as 'land-grabbing'. Promoted as creative investment and a step towards greater market efficiency, this activity is mainly driven by speculation and

¹⁰²Cf. IAASTD (2009), *Agriculture at a Crossroads - Global Report*, Washington, D.C.

¹⁰³Cf. NGO Working Group on Food and Hunger at the United Nations (2011), *Policy Statement to the General Assembly*, New York, p. 3 [www.globalpolicy.org/images/pdfs/NGO_UN_Food_Statement.pdf].

¹⁰⁴ Cf. Hendrickson, Mary, John Wilkinson et al. (2008), *The Global Food System and Nodes of Power - An analysis prepared for Oxfam America*, p. 40 [<http://ssrn.com/abstract=1337273>].

¹⁰⁵ Cf. NGO Working Group on Food and Hunger at the United Nations (2011), *op. cit.* p. 2.

investors' search for new, high-profit investment. Far from increasing food production for local consumption, it is likely to result in export-oriented crops, including non-food commodities, especially bio-energy feedstocks.

According to estimates by FAO, 50 to 80 million hectares of land have been bought or leased by international investors in recent years. As a result of land-grabbing, tens of millions of small producers (peasants and pastoralists) have lost their livelihoods, worsening poverty and hunger.¹⁰⁶ There should be binding rules that *inter alia* give strong protection to small producers, increase security of land tenure and ensure that land use meets food and conservation needs not investors' hunger for wealth accumulation.

» **Promote local food production instead of global oligopolies.**

Pressure from food-exporting countries and from international lenders has forced many countries in the global South to privilege cash crops over domestic food production. As a result, many countries experience production shortfalls and volatile global food prices that, in turn, create serious crises. Policies must be redirected towards local production. Governments must do their utmost to protect and strengthen smallholders, so that basic food needs can be met as locally, reliably and fairly as possible. Food policy must be subject to local democratic control by producers and consumers. The market power of big agribusiness over land, seeds, inputs and processing needs to be reduced.

Today, the top seed companies account for a high percentage of the global market.¹⁰⁷ Accompanying the corporate concentration in the food chain, agricultural ODA decreased by some 58 per cent in real terms between 1980 and 2005, even though total ODA increased significantly. The share of ODA going to the agricultural sector fell from 17 per cent in 1980 to between 5 and 6 per cent in 2009, with the same downward trend observed in national budgets.¹⁰⁸ In other words, the smallholder system, which feeds 70 per cent of the world population, has been abandoned, while research and policy have favoured agro-industrial oligopolies, which contribute only 10 per cent to global retail food sales.¹⁰⁹ Governments should tax food oligopolies and invest in small-scale and peasant farming.

106 Cf. Committee on World Food Security, High Level Panel of Experts on Food Security and Nutrition (2011), *Land tenure and international investments in agriculture*, Rome: FAO, p. 9.

107 *Ibid.* p. 86.

108 Cf. FAO (2012), *FAO Statistical Yearbook 2012: World Food and Agriculture*, Rome, p. 22.

109 Cf. ETC Group (2009), *Who Will Feed Us? Questions for the Food and Climate Crises*, Ottawa, p. 1.



Aline Dassel

Consumer options need to be diversified and local food storage and distribution must be supported.

Policies must encourage market diversity and research support for agro-ecological systems. Consumer options need to be diversified and local food storage and distribution must be supported.

- » **Focus on small producers and ecological farming.** Large-scale, agro-industrial methods of production, including land use changes such as deforestation, account for close to 30 per cent of global emissions.¹¹⁰ They reduce biodiversity and contribute heavily to soil degradation. The IAASTD report emphasises that ecological farming methods secure long-term productivity, increase resilience, conserve the soil and protect biodiversity. Such methods have the potential to produce more food per hectare than industrial agriculture but implementation will require a significant shift in investment.

Essential for increasing and stabilising local food production are gender-sensitive policies. *‘Closing the gender gap in agriculture would generate significant gains for the agriculture sector and for society. If women had the same access to productive resources as men, they could increase yields on their farms by 20-30 percent. This could raise total agricultural output in developing countries by 2.5-4 percent, which could in turn reduce the number of hungry people in the world by 12-17 percent.’*¹¹¹

The use of agro-chemicals needs to be regulated to prevent harm to people and the environment. Fiscal policies must reflect the true environmental and health costs of intensive agriculture and create incentives for the use of ecological alternatives. Ambitious national targets for reducing consumption of chemical fertilisers and pesticides should be set.

The annual loss of 75 billion tons of topsoil from industrial agriculture patterns costs US\$ 400 billion per year.¹¹² Nitrogen fertilisers produced and marketed by an oligarchy of 10 global agro-chemical companies, have introduced massive amounts of reactive nitrogen into the environment, sometimes in the form of nitrous oxide (N₂O), a powerful greenhouse gas. National and international policies are needed to protect and promote peasant soil conservation systems utilising naturally occurring soil micro-organisms, *inter alia* as a direct contribution to the reduction of N₂O.

¹¹⁰ Cf. IAASTD (2008), *Food Security in a Volatile World* (Issues in Brief), Washington, DC, p. 3.

¹¹¹ FAO (2011), *The State of Food and Agriculture 2010-11 - Women in Agriculture: Closing the gender gap for development*, Rome, p. 5.

¹¹² Cf. O’Geen, Anthony Toby and Lawrence J. Schwankl, (2006), *Understanding Soil Erosion in Irrigated Agriculture* (University of California, Division of Agriculture and Natural Resources Publication 8196), Oakland [<http://anrcatalog.ucdavis.edu/pdf/8196.pdf>]; Pimentel, David (2006): ‘Soil Erosion: A Food and Environmental Threat’, in *Environment, Development and Sustainability*, Volume 8, Number 1, February 2006, pp. 119-137.

» **Protect water as a common good and the human right to water.**¹¹³

Fresh water is essential for agriculture and human life. Its supply is increasingly short, and agricultural production is reaching water supply limits in many areas. Seventy per cent of human freshwater consumption is used for agricultural purposes.¹¹⁴ Humanity must use water much more carefully through conservation programmes and must drastically reduce pollution of water systems. Aquifer supplies must be used in a strictly sustainable way, allowing withdrawals in strict proportion to re-filling. Re-forestation and use of land for conservation purposes can promote more reliable rainfall and hold moisture in the soil. Abusive industrial and mining uses of water must also be ended, including new water-intensive methods of gas extraction and bio-energy production. Steps must also be taken to fairly share out the world's existing freshwater resources among diverse claimants, with due regard to established water rights and agricultural production needs.

Decent work for all

Because of the paramount importance of work in people's lives, the 'right to work' is enshrined in the Universal Declaration of Human Rights. Article 23.1 of the Declaration states: *'Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.'*

Work is the basis of all true economic value creation. But work is also more than securing material livelihood. The participation in the world of work and the quality of work are important factors for a fulfilling, self-determined life. Empirical research on life satisfaction suggests that high well-being is associated with low levels of unemployment and high levels of job security. Conversely, unemployment is very damaging to well-being.

Work is not a production factor like capital, the labour market is not a market like any other and the nature of a work contract is different from a good sales contract; in short: 'work is not a commodity' (ILO Declaration of Philadelphia, 1944).

To promote the right to work, rights at work and the right to decent living in a comprehensive manner, the International Labour Organization has developed the Decent Work concept. Decent Work is a global normative framework of four interrelated and mutually reinforcing objectives: (1) the creation of full, productive and freely chosen employment, (2) a minimum floor of workers' rights at work ('core labour standards' as defined in 1998 in the ILO Declaration on Fundamental Principles and Rights



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¹¹³ Cf. NGO Working Group on Food and Hunger at the United Nations (2011), *op. cit.*, p. 3.

¹¹⁴ Cf. FAO (2012), *FAO Statistical Yearbook 2012: World Food and Agriculture*, Rome, p. 290.

at Work – that is, the rights to associate freely and to bargain collectively, the prohibition of forced labour, of child labour and of discrimination in employment, (3) the expansion and improvement of social protection and security to provide basic income security and social services to all, and (4) the promotion of social dialogue (the most important forms being collective pay negotiations and tripartite consultations between governments, workers' organisations and employers' organisations).¹¹⁵

These objectives are universal. They apply to all persons who work – that is, salaried employees, self-employed people, formal and informal sector workers, those who cannot find adequate employment or who should not work (because of age, disability, sickness, or pregnancy, for example) – and to all countries, regardless of their development status.

The reality on the ground, however, points to a huge decent work deficit that has also been growing recently as a result of the crisis. As the world entered the year 2012, one in three workers in the global labour force was either unemployed or poor. That is, out of a global labour force of 3.3 billion, 200 million were unemployed (an increase of 27 million since the start of the crisis) and a further 900 million working poor were living with their families below the poverty line of US\$ 2 a day.¹¹⁶

Over 120 million young people will reach the age of 16 in 2012, 90 per cent of them in countries of the global South. And while most of these young adults would like a job, in the present circumstances of austerity policies very few of them are likely to find one. Over 1 billion jobs would need to be created between now and 2020 just to meet the needs of the younger generation.¹¹⁷

Efforts to ensure decent work for all must be stepped up and employment in general must be given priority in all strategies to re-orientate the economies towards sustainability. In our view, **more and better global cooperation** is needed on at least the following issues:

» **Promote international labour standards and wage policy principles to support effective demand.** Policy recommendations for increasing global employment tend to focus uniquely on the supply side and to neglect the importance of effective demand. In our view, macroeconomic policy coordination to sustain sufficiently robust

¹¹⁵ For more details, see Sengenberger, Werner (2001), *Decent Work: The International Labor Organization Agenda*, in *Dialogue and Cooperation* 2/2001 [<http://library.fes.de/pdf-files/iez/global/02077.pdf>].

¹¹⁶ ILO (2012), *Global Employment Trends – Preventing a deeper job crisis*, Geneva, p. 9

¹¹⁷ Cf. Ortiz, Isabel and Matthew Cummins (2012), *When the Global Crisis and Youth Bulge Collide: Double the Jobs Trouble for Youth*, New York: UNICEF [www.unicef.org/socialpolicy/files/Global_Crisis_and_Youth_Bulge_-_FINAL.pdf].

levels of effective demand in the global economy is essential for job creation. This should include a globally coordinated approach to scale up the ratification and implementation of agreed international labour standards by national governments as a means to stop the regulatory race to the bottom that has become the hallmark of neoliberal globalisation.¹¹⁸ To become an effective driver of employment in the real economy, an internationally coordinated approach to support demand by improving labour standards must extend to remuneration and pay. Globally accepted and implemented wage policy principles or standards that provide (a) for real wage increases in line with productivity increases and (b) for national (or sub-national) minimum wages indexed on national (or sub-national) average wages/incomes within a certain ‘corridor’ allowing for some (downward) flexibility, could sustain global demand, limit inequality within societies and provide for fair competition internationally without destroying the competitive advantage of poorer countries.

- » **Fight the wrong notion that only rich countries can afford decent work**, and that poor countries must first ‘develop’.¹¹⁹ This notion is based on the misleading perception that employment expansion on the one hand and decent work objectives on the other, like improvements in the quality of work (for example, better health and safety standards), better social security, combating the worst forms of child labour (such as dangerous work, child prostitution, slavery), and equal access to education or vocational training, are necessarily conflicting objectives, or that decent work objectives by themselves are not ‘development’. Empirically, the vast differences in social standards and decent work attainments that can be found among countries with similar levels of available resources prove the opposite. The argument becomes completely suspect when it is directed against international labour standards that have nothing to do with the level of material development or available resources and are more political in nature, like the freedom of trade unions, free collective wage determination by employers and workers representatives, social dialogue, or prohibiting discrimination in the workplace based on gender, race, caste or ethnic identity.

118 Cf. Frank Hoffer (2011), ‘International Labor Standards: safeguards for an open world economy’, in David Coats (ed.), *Exiting from the crisis: towards a model of more equitable and sustainable growth*, ETUI, Brussels, p.177. Prior to the financial crisis, international competition for ever more deregulation and liberalisation had driven up profit rates, resulting in lower wage shares, growing inequality and a global lack of wage-based aggregate demand. This in turn translated into unsustainable global imbalances with massive export surpluses in some countries, and a ‘savings glut’, unsustainable debt-financed consumption and asset bubbles in others.

119 Cf. Werner Sengenberger (2001), *op. cit.* p.46

- » **Make decent work a priority in the new metrics for social progress and well-being.** Given the importance of work in people's lives, decent work is an integral part of the development we want; it is both a means to balanced economic development and an end in itself. **Decent work goals**, like MDG 1B (to '*achieve full and productive employment and decent work for all, including women and young people*'), must therefore also become part of a possible new set of 'Global Sustainability Goals', replacing the MDGs after 2015.
- » **Overcome trade-offs between employment and environment.** There are possible trade-offs between the need for employment growth and the need to reduce the environmental impact of the associated economic activities. They have to be managed strategically, ideally by a simultaneous increase in the employment intensity and decrease in the resource and emission intensity of economic activities. The difficult challenge will be to combine the need for bringing the hundreds of millions of working poor in the global South into more productive work – that is, raising labour productivity in order to lift work income above subsistence levels – and the need to reduce resource consumption and greenhouse gas emissions by raising resource productivity. This combined challenge of raising labour and resource productivity simultaneously at the very least requires massive international transfers in finance and technology (see also Box 12). In addition, total economic valuation of the costs and benefits, including those related to the environment, must be applied to all economic activities, especially extractive activities that have become popular in many countries of the global South as a source of employment.

The difficult challenge will be to combine the need for bringing the hundreds of millions of working poor in the global South into more productive work – that is, raising labour productivity in order to lift work income above subsistence levels – and the need to reduce resource consumption and greenhouse gas emissions by raising resource productivity.



UN Photo/WFP

Afghan men work on a road construction under the auspices of the World Food Programme (WFP) food-for-work project.

IV » Towards inclusive, accountable governance

9. Strengthening democratic governance

The need to overcome fragmentation

To date, the approach to sustainable development governance has been one of governing the three dimensions of sustainable development in their own zone, complemented by coordination between them. This is attempted at all levels – global, regional, national and sub-national – and in cooperation with non-state actors, primarily civil society, indigenous peoples, local authorities and the private sector.

Sustainable development has been viewed as a linking concept designed to facilitate dialogue between those whose primary concerns relate to the environment and those who see their role as promoting growth and development. This approach has formally emphasised coordination and dialogue, but does not have a strong institutional basis for decision-making and policy change across the three ‘pillars’. Nor has it addressed

To overcome the fragmentation of governance for sustainable development and ensure policy coherence, it is essential to re-arrange and re-configure the institutional arrangements that cover all aspects of the policy cycle: agenda-setting, policy analysis and formulation, decision-making, implementation, and evaluation.



human rights, inequalities, social exclusion and cultural diversity. In practice, the environmental ‘pillar’ has dominated the dialogue, the economic has dominated impact, and social and cultural issues are largely neglected, apart from the limited way they have been addressed through the MDGs.

Decision-making and policy development have been severely handicapped by this hierarchy amongst the ‘pillars’, as global economic governance does not adhere to the mandates of the human rights regime or the requirements of sustainable development. The major effort to correct this has been limited to strengthening the environmental dimension, focused on scaling up UNEP.

To overcome the fragmentation of governance for sustainable development and ensure policy coherence, it is essential to re-arrange and re-configure the institutional arrangements that cover all aspects of the policy cycle: agenda-setting, policy analysis and formulation, decision-making, implementation, and evaluation.

Engagement and representation cannot be based solely on the tripartite structure of society: government, civil society and private sector. Reality is much more complex. Within all groupings we find those committed to sustainable development and rights and those with a vested interest in the unsustainable *status quo*.

Governance driven by the growth paradigm

Governance structures have been shaped around the dominant growth paradigm. For many years the mainstream approach to development and social equity has started with GDP growth. In the UN development decades, UNCTAD and other agencies calculated the rate of growth that the global South would require for development. The trade access and resource transfers needed to reach this rate became a key focus in North-South negotiations. The first UN Development Decade (1961-1970) called for a minimum annual growth rate of 5 per cent in aggregate national income by the end of the decade.¹²⁰ Continuing in the same vein, the fourth UN Development Decade (1991-2000) pronounced: ‘*On the basis of the experience of some countries, it is considered that sustained growth at a rate of the order of 7 per cent would provide the necessary conditions for a genuine transformation of the economy, with rapid increases in productive employment and poverty eradication, and would generate the resources needed for the protection of the environment.*’¹²¹

¹²⁰ Cf. UN General Assembly (1961), *United Nations Development Decade - A programme for international economic co-operation* (A/RES/1710 (XVI)), New York.

¹²¹ UN General Assembly (1990), *International Development Strategy for the Fourth United Nations Development Decade* (A/RES/45/199), New York, p. 126.

The global North resisted the higher rates called for by their negotiating partners, not because they had a different growth/development calculus but because of the policy implications of their adoption – particularly with regard to market access and increased external financing, including ODA. How the benefits (and burdens) of development were shared was regarded as a matter of national sovereignty and policy, and the international agreements were deemed neutral in terms of distribution and social equity.

This discourse has been re-thought as national economies have become increasingly interdependent, propelled by economic globalisation and trade liberalisation, and national incomes have become heavily dependent on external markets for goods, services and finance.

Governance and policy challenges to secure development and ensure fairer distribution of its benefits have been made even more complex in the face of the now-accepted reality of needing to protect rights and achieve sustainable development within ecological limits and planetary boundaries. Governance structures have been set historically to deal with access issues (to land, water, mining rights, etc.) and to avoid resource-driven conflict. As we face the reality of having reached planetary boundaries, we have no equivalent global governance over the vital resources we are depleting.

Growing governance gaps in the face of ecological limits

The dispute over access to scarce resources is at the very origin of the notion of politics and rights. Human societies have found different ways of dealing with environmental limits. Limited supplies of water have resulted in complicated but effective mechanisms for its distribution. Limited agricultural land results in inheritance laws or specific market regulations. When the limits are found in vital resources, the market will not ensure a fair distribution, given its tendency to price higher what is scarce or in high demand; and in extraordinary times (such as war or disasters) rationing has been applied even in capitalist liberal societies.

What is new in the present debate about sustainability and about the distribution of access rights is its universal scope. The classic dilemmas between environment and development used to be local or country-wide. Should we destroy a sacred mountain rich in biodiversity in order to exploit its gold and in the process generate jobs and resources to fight poverty? The answer to that question and the resolution of the many underlying problems have been up to local, provincial or national authorities.

When one country creates jobs by subsidising its car industry or oil consumption, the additional emissions of climate-changing gases may spur catastrophic floods thousands of miles away.

But when one country creates jobs by subsidising its car industry or oil consumption, the additional emissions of climate-changing gases may spur catastrophic floods thousands of miles away. How can humanity solve the problem of planetary limits without having appropriate global governance to allocate access rights and responsibilities? The lack of agreement on how to distribute the burden of halting climate change and dealing with its effects shows the inappropriate nature of current global governance. The lack of global budgets, global taxes or a global supreme court to settle disputes over competing rights does not mean that the aforementioned rights and principles that should govern us are not well established, nor that we cannot shape fiscal policy for sustainability.



UN Photo/WFP/Amjad Jamal

Above: Victims of the worst floods to hit Pakistan in several years walk through water-filled streets in the northwestern city of Nowshera. The flooding caused by monsoon rains in 2010 claimed up to 1,400 lives and affected 2.5 million people.

Governance at national and international levels has failed to address the shift and its resulting drift to extra-territorial agreements. Executive branches of government have engaged in offshore deal-making without being subject to national and sub-national processes of democratic accountability.

A mindset change is needed to re-frame goals and objectives within limits and re-claim and re-define the role of the state, with principles and rights occupying the governance apex for public policies and

budget allocations. This definition of governance must be extended to economic policies and cross-border agreements and transactions, and to all relevant players including large economic units, whether nation states, trans-national entities or private companies.

Agreements arising from negotiations among governments have been shaped by relative power balances and imbalances among political groups and countries, and now have the tendency to settle at a low level of ambition, reflecting damage-control strategies. The global challenges of sustainable development can no longer afford the *trade-offs* that come with these low-quality agreements. Global governance must empower a process that ensures whole-of-government accountability and policy coherence to the high standards of human rights, peace and sustainable development.

A more coherent and dynamic inter-governmental discourse should provide ways of breaking through the obstacles to needed global agreements and finding answers to questions such as:

- » How to bring private and privatised regulation in areas of common goods under public scrutiny or oversight?
- » How to ensure that fairness and equity are the operational principles?
- » How to shift the technology debate from one of technology transfer to technology assessment and access?

Precarious partnerships

For the last two decades, the UN has invested heavily in partnerships to bring in and engage private companies regarded as key to achieving sustainable development. The World Summit on Sustainable Development in 2002, for example, explicitly promoted so-called ‘Type -2’ partnerships between governments, international organisations, companies, foundations and civil society as more effective alternatives to traditional multilateralism. However, these partnerships have not been measured in terms of their contribution to implementing the Rio principles, registration is not required, nor is public disclosure and reporting. According to the criteria and guidelines for partnerships, they are ‘*voluntary initiatives, [...] should contribute to Agenda 21 [...] and should be designed and implemented in a transparent and accountable manner*’.¹²²

¹²² UNCSD (2003), *The Implementation Track for Agenda 21 and the Johannesburg Plan of Implementation: Future Programme, Organisation and Methods of Work of the Commission on Sustainable Development*, New York, para. 20(a) [www.un.org/esa/sustdev/csd/csd11/csd11res.pdf].

Similarly the discourse of ‘multi-stakeholder-ism’ has gained traction, whether reflecting public interest or state *disassembling* is not clear. Despite good intentions to broaden participation, these processes have not been adequately framed and governed by the Rio Principles or the values of the Millennium Declaration.

Multi-stakeholder approaches need to be more precise in their objectives and application to avoid contributing to fragmentation of governance, providing an escape route for governments, from protecting the rights of present and future generations to creating the illusion of participation and fairer rules of the game without challenging the distribution of power and increased weight of the corporate sector.

Any private sector partnership or engagement, for-profit or not-for-profit, claiming UN collaboration and (hence) endorsement must be publicly registered and demonstrate how its activities are consistent with and contribute to the implementation of the UN Charter.

Addressing for-profit partnerships in particular, elements of an institutional framework for UN-private sector relations should

- » be based on a set of basic principles that guarantee integrity, impartiality, independence of the UN organisation and provide transparency and accountability;
- » adhere to agreed minimum standards for interaction between the UN and the private sector;
- » be subject to systematic impact assessments and independent evaluations;
- » support institution building so that the UN has the capacity and incentives to undertake or secure the necessary assessments, screenings and evaluations.¹²³

More specifically with regard to sustainable development Type-2 partnerships, reporting requirements should conform to impact assessments. These would be mandatory upon registration of an activity or partnership and/or could be triggered by any ‘stakeholder’ of the process, from indigenous communities to sustainable sanitation system producers to local authorities.

¹²³ Cf. Martens, Jens (2007), *Multistakeholder Partnerships - Future Models of Multilateralism?* Berlin: Friedrich-Ebert-Stiftung.

Mandatory reporting by transnational and large national corporations is a *sine qua non* for democratic accountability. Voluntary agreements and initiatives have attempted to fill this gap and have helped to create a climate of reporting, but do not provide the legal guarantees and scrutiny needed for effective governance.

From whole-of-government approaches to whole-of-governance mindset

A whole-of-government approach is essential but not sufficient. It needs to be accompanied by radical changes in participatory rights in decision-making and the commitment to guarantee and protect citizen participation. The rights of access to information, public participation, and access to justice are essential to sustainable development. The 1992 Rio Declaration endorsed these rights in Principle 10,¹²⁴ which needs to be transformed from aspiration to action. All governments should improve their legal structures on national environmental governance, agreeing to the development of an international instrument giving legal force to Principle 10, based on the Aarhus Convention, and ensure that the principles are incorporated into all UN decision-making processes.

CSO participation in decision-making must be strengthened and given structural and institutional support. Specific measures for CSO participation during and after the Rio and post-2015 processes should be built on the CSO mechanism in the FAO Committee on Food Security.

Another measure to support citizen participation in decision-making is a mandatory public comment phase. Based on the many good practices at national and sub-national levels, draft agreements would also be subject to a mandatory public comment stage. Serious gaps in final decisions could be raised before the Council on Sustainable Development, or appealed under the high-level body on policy coherence.

¹²⁴ 'Environmental issues are best handled with the participation of all concerned citizens, at the relevant level. At the national level, each individual shall have appropriate access to information concerning the environment that is held by public authorities, including information on hazardous materials and activities in their communities, and the opportunity to participate in decision-making processes. States shall facilitate and encourage public awareness and participation by making information widely available. Effective access to judicial and administrative proceedings, including redress and remedy, shall be provided.' [www.un.org/documents/ga/conf151/aconf15126-1annex1.htm]

Challenges to the conventional understanding of governance

The failings of global governance to address today's challenges often point to the inadequacies of effective decision-making of universal or inclusive bodies and have resulted in the trend to the creation of *ad hoc* fora like the G20, which claim swift and effective action on a systemic scale. Yet these initiatives further exclude inclusive groups and undermine their willingness and ability to be partners in creating sustainable societies and protecting the eco-system we all share.

A decisive shift is needed in the understanding of governance. The United Nations Secretary-General's High Level Panel on Global Sustainability notes in this regard: '*Democratic governance and full respect for human rights are pre-requisites for empowering people to make sustainable choices.*'¹²⁵

This requires a change in the tone of multilateral governance from one that prescribes solutions and then institutes legal and financial frameworks to implement them or ensure compliance, to one that protects bottom-up governance.

Bottom-up governance not only refers to the direction of influence from the local to the global. It also calls for more governance space and implementation to be retained at local and sub-national levels. It enables, for instance, small farmers and peasant communities to exercise their rights in retaining their seeds, growing nutritious foods without genetically modified organisms, and accessing medicines without paying unaffordable prices set by transnational companies and protected by intellectual property rights.

However, democratic governance requires not only the strengthening of civil society in governance skills but also a re-focusing and re-structuring of governance institutions and the overcoming of governance gaps at national and global levels.

¹²⁵ United Nations Secretary-General's High Level Panel on Global Sustainability (2012), *Resilient People, Resilient Planet. A Future Worth Choosing*, New York, p. 10.

Box 13

People's Planning Process and sustainable development – the Kerala experiment

by George Chira

The Government of India enacted the 73rd and 74th Constitutional Amendment Acts in 1992. Thereafter, state legislatures created the three-tier system of local bodies of governments: panchayats at village, block and district level, and in urban areas bodies such as town panchayat, municipal council and municipal corporation.

The state of Kerala introduced a decentralised planning process known as 'Janakiya Asoothranam' (People's Planning). About 40 per cent of the budget of the state's plan is devolved to local governments. The local governments formulate and implement projects with the active participation of the community. This enables local people to formulate, prioritise and execute plans for local development, based on needs and available resources. Reportedly, so far some 1,200 plans and more than 100,000 projects have been prepared in Kerala.

The People's Planning Process starts with a special meeting of the People's Assembly in a village or the ward in the urban local body. Through group discussions, common needs such as drinking water, employment, wasteland utilisation and agricultural development are assessed, together with the possibilities and available resources – both natural and human. A development report is prepared on the basis of the assessment. A development seminar at the local body follows, at which needs and opportunities expressed by the people are further evaluated and assessed. The seminar discusses the development report and finalises it for publication.

After publication of the report, projects are prepared sector-wise with the involvement of elected members, officials and experts. Finally, the elected body decides on the projects, indicating priority in a democratic manner. The planned document is submitted to the District Planning Committee (DPC) for approval. The DPC evaluates each project, with support from a Technical Advisory Committee, which examines its technical viability.

The projects are then implemented by local bodies. The People's Assembly has the right to examine the progress and other aspects of the project. The priorities given by the People's Assembly are supreme.

The People's Planning Process grants complete or near-autonomy to the local bodies and the People's Assembly in the villages and towns. This process has been supported by financial devolution. It demonstrates and practises bottom-up planning involving a maximum number of people.

The emphasis on the identification and prioritisation of the perceived needs of the communities and the comprehensive assessment of the natural resources available, together with technical expertise and inputs, has led to the optimal use and conservation of natural resources.¹²⁶

¹²⁶ For further reading: Oomman, M. A. (2004), *Deepening Decentralised Governance in Rural India - Lessons from People's Plan Initiative of Kerala*, Kochi [<http://cseindia.org/admin/modules/cms/docs/publication/11.pdf>]; Issac, Thomas T. M. (1999), *People's Planning - Towards a Handbook*, Thiruvananthapuram [www.scribd.com/doc/41671531/Peoples-Planning-Towards-a-Handbook]; Issac, Thomas T. M., Richard W. Franke and M. P. Parmeswaram (1997), 'From Anti Feudalism to Sustainable Development', in *Bulletin of Concerned Asian Scholars*, Vol. 29, Issue 3.

10. Overcoming governance gaps at national and global levels

While most governance discourses emphasise the democratic deficit, gaps and fragmentation in global governance, the major challenge for more effective governance at the global level is the lack of coherence at the national level. Effective international arrangements cannot be determined or strengthened without commitments and coherence at the national level, in all countries. Creating more effective and coherent global governance will be a futile exercise if it is not reflected in, and ‘owned’ by, effective national counterparts and placed in an influential governance position vis-à-vis other ministries and interest groups.

Strengthened institutions to promote coherence for sustainability at national level

The national Sustainable Development Councils proposed by the Earth Summit in 1992 have been assessed as mainly ineffective. Yet, as strong national commitment and leadership are essential, the Secretary-General’s High Level Panel on Global Sustainability has called for a ‘whole-of-government’ approach to sustainable development issues, *‘under the leadership of the Head of State or Government and involving all relevant ministries for addressing such issues across sectors’*.¹²⁷

Some elements to put this recommendation into practice and also extend it beyond the executive branch of government could include:

- » **A new ‘Sherpa for Sustainability’** to secure highest-level authority and ensure full-time attention and action. This function/position should have cabinet rank to ensure coherence among government ministries and authorities.
- » **A Parliamentary Committee on Policy Coherence for Sustainability.** To secure oversight and public accountability, a Parliamentary Committee on Policy Coherence for Sustainability should complement the ‘Sherpa’ function. These high-level institutions in the executive and legislative branches of the state will provide the necessary national presence and representation at the relevant fora of global governance for sustainability. Their positions and perspectives should be prepared by a permanent and meaningful consultation process with broad constituency participation that reflects the cross-sectoral dimensions of sustainable development.

¹²⁷ United Nations Secretary-General’s High Level Panel on Global Sustainability (2012), op. cit., Recommendation 42.

- » **An Ombudsperson for Future Generations.** The appointment of Ombudspersons for Future Generations could bring the sustainability agenda straight to the heart of governments and policy-making. The Ombudsperson could engage directly in the policy-making process and assess the long-term effects of policies from an integrated perspective. Only an independent body without the requirement to be re-elected by current voters can fully focus on long-term analysis and articulate it without any hesitation.

Such measures will contribute to strengthening national priorities in the global arena, with quality national representation, so that representatives in multilateral forums are not only foreign service or finance and trade ministry officials, but are also experts from other sectors, sub-national officials and other stakeholders. Such representation should be equipped, supported and held accountable for making meaningful contributions to achieving human rights and sustainable development.

These recommendations can be put in place in the short term. Over the longer term, and more ambitiously, the move from sector to national agendas has to be supported by constitutional amendments and guarantees.

Applying the whole-of-government approach at the global level

As a first step, a **UN Sustainability Council**, directly reporting to the General Assembly on the lines of the Human Rights Council, should be established. Only a preliminary response to global governance challenges, this institutional structure needs to become a Charter body of the United Nations, and a process to upgrade needs urgently to be initiated. This institutional configuration of sustainability must guide the work of global institutions in integrated decision-making, policy action, implementation and review. The council's remit would extend to all dimensions of sustainability, including the environmental, the economic, the cultural and the social. The council would also consider cases of policy incoherence stemming from both the public and private sectors, for example when one group of countries makes loans dependent on austerity measures that undercut human well-being and the ability to establish a social protection floor, or when trade priorities trump decent work.

The council's jurisdiction would extend to all multilateral bodies, including the international financial institutions. The new council would be charged with overseeing the reporting process supported by a **Universal Periodic Review (UPR) on Sustainability**, modelled on

the UPR mechanism of the Human Rights Council. This mechanism should cover all relevant issues linked to human rights, trade, macro-economic policy, the environment, financing and political participation. The UPR remit should be extended to considering information provided by stakeholders such as civil society and the private sector, in addition to governments. Information on reports and Universal Periodic Review findings would be made widely available through channels that actively target all relevant stakeholders.

Building on the experience of the IPCC and the Intergovernmental Assessment of Agricultural Knowledge in Science, Technology, and Development (IAASTD), an **International Panel on Sustainability** could serve as an internationally recognised source of expertise and experience across the systems. Its membership should reflect a wide range of experiences and expertise, as well as geographical and gender balance, and be mandated to undertake research and provide independent advice on policies that affect sustainability and on emerging issues that require inter-governmental attention and action. It should establish *ad-hoc* working groups or task forces to deepen and supplement its work and include members from organisations within civil society, social movements, scientists and indigenous peoples with a proven commitment to and track record in the relevant issues.

There are some key areas of sustainable development and intergenerational justice where the international governance system lacks the appropriate normative standards and oversight. We support the recommendation to establish an **Ombudsperson for Intergenerational Justice/Future Generations**. In addition, the function of Special Rapporteurs should be used to examine, monitor, advise and publicly report on problems, such as land rights, technology access and use, and fisheries, and develop recommendations not only on specific cases but also for new or upgraded norms. This could be a special procedure of the newly constituted UN Sustainability Council.

With increasing recognition of the importance of fiscal policy, public finance management, and predictable and sustainable public resources, it is vital and urgent to close the global governance gap regarding tax cooperation. A **UN Inter-governmental Commission for Tax Cooperation** should be established to set standards that would reduce tax competition and work towards ending tax evasion; these measures would support stronger domestic tax capacities and ensure the availability of resources for social protection, decent employment, economic diversification and other aspects of sustainability.

In addition to strengthening the institutional framework for sustainable development at national and global levels, it is essential to have a political body at the highest level, such as a strengthened **UN General Assembly (GA)**, with the primary mandate to uphold policy coherence to realise the underlying values of the UN Charter, including in the areas of human rights, peace, disarmament and sustainable development.¹²⁸ This reconfigured GA could convene an annual meeting at the highest level that addresses policy coherence for sustainability, as well as governance and regulatory gaps. This annual meeting could complement or replace the annual high-level debate of the General Assembly.

It could also benefit from increasingly dynamic initiatives being undertaken by holders of the office of the President of the General Assembly (PGA), who would be mandated to go beyond thematic debates to drive initiatives for the integration of emerging issues into the global agenda. Mechanisms would include setting up expert groups, or PGA commissions, including participation from civil society, indigenous peoples, local authorities and affected peoples. To strengthen the problem-solving capacity in the UN and address policy coherence gaps and contradictions in the decisions of inter-governmental bodies, the PGA should call together, in transparent and accountable settings, the chairs of inter-governmental bodies to resolve pressing issues of policy coherence.

Closing governance gaps at national and global levels and establishing inclusive and accountable governance requires a commitment to overcome the inequitable distribution not only of resources but also of access to participation and decision-making. Governance processes must provide and protect the right for all to participate in setting our common future on a just and fair path.

¹²⁸ See also: Dag Hammarskjöld Foundation and United Nations Association of Sweden (2012), *Reform Proposals – For a Democratic United Nations and The Rule of Law*, Uppsala [www.dhf.uu.se/publications/other-publications/reform-proposals/].

Activities and members of the Civil Society Reflection Group



The Civil Society Reflection Group on Global Development Perspectives met five times during 2011 and 2012 (12–14 January 2011, Berlin; 4–6 March 2011, New York City; 16–17 July 2011, Manila; 16–18 September 2011, Uppsala; and 5–7 March 2012, Berlin).

The group produced an Urgent Appeal to Change the Mindset during its meeting in New York and a submission to the official preparatory process of the Rio+20 Conference. The Social Watch Report 2012 contains this submission and further background papers by members of the group. All papers and statements as well as additional materials are available at the website of the Reflection Group (www.reflectiongroup.org).

Various members of the group worked together to organise or participate in public events in order to discuss the ideas and initial findings of the group with the broader public:

During the first meeting of the Reflection Group in Berlin in January 2011, the Friedrich-Ebert-Stiftung organised a roundtable discussion with experts from civil society and research institutes.

At the World Social Forum in Dakar, Senegal, in February 2011 the Friedrich-Ebert-Stiftung together with Global Policy Forum, Social Watch and Third World Network Africa organised a workshop on ‘Thinking Ahead: Towards a New Development Paradigm’.

During the March meeting in New York City, the group exchanged views with participants of the Second Prepcom for the Rio+20 Conference.

At the July 2011 meeting in Manila the group met with participants of the Social Watch General Assembly in various workshops.

At its meeting in September 2011, members of the group participated in a public panel debate on '20 Years after Rio – Global Development Perspectives' at Uppsala University.

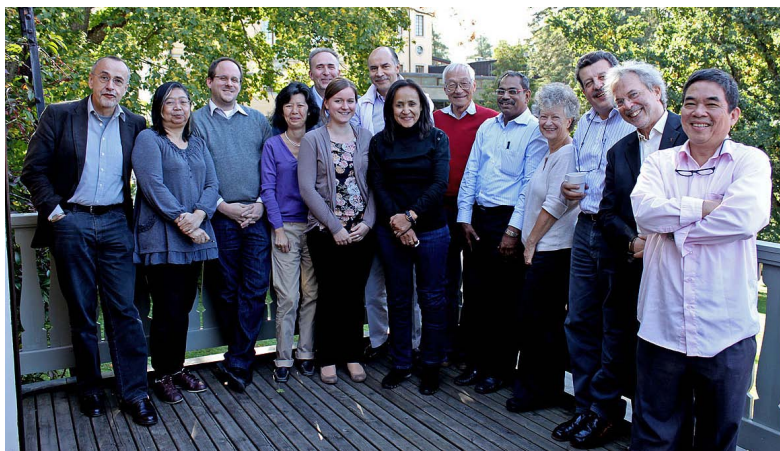
The submission to the Rio+20 Conference was presented during the UNCSD intersessional meeting in December 2011 as well as at an informal retreat in the presence of the Secretary-General of the UN and other high-ranking officials.

At the Thematic World Social Forum in Porto Alegre in January 2012, the Friedrich-Ebert-Stiftung, together with Global Policy Forum Europe, Social Watch and terre des homes, organised a workshop titled 'Do we need Sustainable Development Goals?'

During the last meeting in Berlin in March 2012, the Friedrich-Ebert-Stiftung, together with its partners in the 'Fortschrittsforum' (Forum on Progress), facilitated a public debate between members of the Reflection Group and members of the Study Commission on Growth, Wellbeing and Quality of Life of the German Parliament.

The work of the Reflection Group and all its activities would not have been possible without the generous financial support it received from the Friedrich-Ebert-Stiftung, terre des hommes Germany and the Dag Hammarskjöld Foundation.

At the Dag Hammarskjöld Foundation in Uppsala in September 2011.



Members of the Reflection Group



Alejandro Chanona Burguete is Professor at the Faculty of Social and Political Sciences of the National Autonomous University of Mexico (UNAM). He is founder of the European Studies Center of UNAM and is currently coordinating the research project, ‘Debating Development Models and Human Security’. He was head of Convergence’s parliamentary caucus in the Chamber of Deputies (Sixtieth Congress, 2006–2009).



Barbara Adams is Senior Policy Advisor of Global Policy Forum Europe. Her previous positions include: head of the UN-Non-Governmental Liaison Service at UN headquarters; chief of the Strategic Partnerships and Communications Section, UNIFEM, member of the Board of Directors of CCIC. She has authored a number of publications of which the most recent deal with climate justice and with multilateralism.



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Chee Yoke Ling is an international lawyer and Director of Programmes of Third World Network (TWN). Her areas of expertise include the environmental, social and economic impacts of globalisation, especially in countries of the South. Since 1993 she has worked closely with key negotiators from the global South, scientists and NGOs to campaign for bio safety and climate justice. She was a member of a Malaysian task force that worked on two national laws related to bio safety and the regulation of access to genetic resources.



Danuta Sacher is Chair of the Executive Board of the international child relief organisation, terre des hommes, which follows a child rights approach and is based on strong citizen participation in Germany. She was formerly head of the Division for Policy and Campaigns at the Protestant development organisation, Bread for the World. From 1995 to 2001 she lived in Central America and was regional director of a civil society advocacy training programme for the US human rights organisation WOLA (Washington Office on Latin America). She coordinated the Central America programme of the Project Counselling Service for Latin American Refugees during the post-conflict period



Ernst Ulrich von Weizsäcker is a biologist and a former Member of the German Parliament. He is Co-Chair of UNEP's International Resource Panel. He served as Director at the UN Centre for Science and Technology for Development, President of the Wuppertal Institute for Climate, Environment and Energy, and Dean of the Bren School for Environmental Science and Management, University of California, Santa Barbara, USA. He has authored several books on environmental policies and technology.



Filomeno Santa Ana III is coordinator for the Manila-based Action for Economic Reforms, a policy advocacy group that promotes a development strategy based on sustainable and equitable growth. He is a contributing columnist for *Business World* and an author or editor of published studies on economics and development, the latest of which is *Philippines Institutions: Growth and Prosperity for All* (2010).



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Josefa 'Gigi' Francisco is the General Coordinator of Development Alternatives with Women for the New Era (DAWN), a network of feminist activist researchers from the economic South. She is currently the Chairperson of the International Studies Department of Miriam College in the Philippines and a member of the Selection Committee of the Yayori Peace Award. She has conducted research on gender, poverty, development and feminist movements.



Henning Melber has been Executive Director of the Dag Hammarskjöld Foundation, Uppsala (2006 to 2012). He also served as Research Director of the Nordic Africa Institute in Uppsala (2000 to 2006) and was head of the Namibian Economic Policy Research Unit in Windhoek (1992 to 2000). He is Extraordinary Professor at the Department of Political Sciences, University of Pretoria.



Hubert Schillinger is Coordinator of the Dialogue on Globalization program at Friedrich-Ebert-Stiftung (FES) headquarters in Berlin. Previous to his current position, he was FES country director in Namibia, South Africa and Morocco, FES project leader in Senegal and held different positions at the FES head office.



Jorge Ishizawa has been a Projects Coordinator at Proyecto Andino de Tecnologías Campesinas (PRATEC) in Peru since 1996. PRATEC is an NGO devoted to the cultural affirmation of Andean Amazonian communities based on their own knowledge and traditions. He is presently also a member of the Complex Thought Institute at the Ricardo Palma University in Lima.



Dasho Karma Ura is the President of the Centre for Bhutan Studies. He also served as National Council Member of Bhutan from 2008 to 2009.



Roberto Bissio is coordinator of the Social Watch network and Executive Director of the Third World Institute (Instituto del Tercer Mundo, ITeM) in Montevideo, Uruguay. He is a member of the Civil Society Advisory Committee to the UNDP and of the international council of Third World Network (TWN). He served on the boards of the Women's Environment and Development Organization (WEDO) and of the Montreal International Forum.



Victoria Tauli-Corpuz is the Executive Director of the Tebtebba Foundation, an indigenous peoples' organisation in the Philippines born out of the need for heightened advocacy to have the rights of indigenous peoples recognised. She was the chairperson of the UN Permanent Forum on Indigenous Issues (UNPFII). She has been involved at the United Nations Development Program (UNDP), working as a member of the advisory panel for UNDP and the UNDP Civil Society Organization Advisory Committee.



Yao Graham is coordinator of Third World Network Africa, a pan-African research and advocacy organization based in Accra, Ghana, and also a founding member of Social Watch. He was a member of the International Study Group on Africa's mineral regimes set up by UNECA, which produced the report *Minerals and Africa's Development* in 2011.



Jens Martens (Coordinator) has been director of Global Policy Forum Europe since its foundation in late 2004. Since 2009 he has also been a member of the board of Global Policy Forum in New York. From 2003 to 2009 he was a member (and from 2006 to 2009 Co-Chair) of the Coordinating Committee of Social Watch, a global network of several hundred NGOs working on poverty eradication and social justice.



Wolfgang Obenland (Assistant Coordinator) is a founding member of and program coordinator at the Global Policy Forum Europe and a member of the European Steering Committee of the Tax Justice Network.

In New York in
March 2011.



Beyond the members of the group, the meetings would not have been very productive – or even possible – without the intellectual and logistical support of many people around the world. The group would like to thank all those who have been part of this common effort, in particular:

Katrien Klüver at the headquarters of the Friedrich-Ebert-Stiftung in Berlin, together with her colleagues in various FES offices around the world, has made endless efforts to get the members to where they were supposed to be. Without her patience in accommodating every special wish or need, the group would not have found together. The secretariat of Social Watch, in particular *Ana Claudia Zeballos*, supported the organisation of the meetings in Manila and outreach activities in Dakar and Porto Alegre, as well as setting up a mailing list which was indispensable for the work of the group. *Janet Carandang* and the whole team of *Social Watch Philippines* organised the outreach activities as well as accommodation for the group's third meeting in Manila. The *team of the Dag Hammarskjöld Foundation* in Uppsala organised the fourth meeting of the group and took care of the final text-editing, design and distribution of this report.

Karolin Seitz, Navina Vemuri, Mara Beez, Sara Morais Teixeira and Konstanze Hülße of Global Policy Forum Europe supported the group at various stages with background papers and literature research, and also helped to facilitate the meetings.

James Paul, director of Global Policy Forum (GPF), and *Sarika Mathur* of the GPF team in New York, provided important insights and help during the editing of this report. *Lydia Alpizar* (AWID), *Juliette Majot* (SourceWatch), *Iara Pietricovsky* (INESC), *Albert Recknagel* (tdh), *Frank Schröder* and *Jan Eliasson* provided invaluable insights and new perspectives during the meetings of the group. Last but not least, *Mick Adams* served as an extraordinary host (and outstanding cook) for the drafting team during the final writing phase of the report.

List of abbreviations

CDM	Clean Development Mechanism
CEB	UN Chief Executives Board for Coordination
CSD	Commission on Sustainable Development
CSO	Civil society organisation
DAWN	Development Alternatives with Women for a New Era
DPC	District Planning Committee
EF	Ecological Footprint
ESCR	Economic, Social, and Cultural Human Rights
FAO	Food and Agriculture Organization
FES	Friedrich-Ebert-Stiftung
G20	Group of twenty
GA	General Assembly
GDP	Gross Domestic Product
GNH	Gross National Happiness
GNP	Gross National Product
HDI	Human Development Index
IAASTD	International Assessment of Agricultural Science, Knowledge and Technology for Development
IASB	International Accounting Standards Board
ILO	International Labour Organization
IMF	International Monetary Fund
IPCC	International Panel on Climate Change
ISD	Indicator of sustainable development
ITUC	International Trade Union Confederation
MDGs	Millennium Development Goals
NGO	Non-governmental organisation
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PGA	President of the General Assembly
SERF	Social and Economic Rights Fulfillment
SNA	United Nations System of National Accounts
SPF	Social Protection Floor
SUV	Sport Utility Vehicle
TNC	Transnational corporation
UN	United Nations
UNCSD	United Nations Conference on Sustainable Development
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
UNICEF	United Nations Children's Fund
UPR	Universal Periodic Review
VAT	Value Added Tax

The world faces an unprecedented coincidence of global crises. They testify to the failure of the dominant model of development and economic progress that is oriented on a technocratic modernisation path, is blind to human rights and the ecological limits of the global ecosystem, confuses growth of Gross Domestic Product with progress in society, and regards poverty as a primarily technical challenge in which categories of inequality and social justice are neglected.

The *Civil Society Reflection Group on Global Development Perspectives* brought together 18 civil society activists and scholars from different disciplines from around the globe. Its members jointly drew lessons from the current crises, looked beyond conventional development concepts and goals, questioned the models and measures of development and social progress, and presented alternatives.

This report is the main outcome of the joint deliberations. It describes the root causes of the multiple crises, reconfirms the framework of universal principles and rights, reconsiders development goals and indicators, and draws conclusions for the post-2015 development agenda. It seeks to stimulate debates about alternative development paths, participatory and inclusive governance structures, and the transformation in politics and societies that future justice for all will require.

development dialogue

development dialogue is addressed to individuals and organisations in both the South and the North, including policy makers, international institutions, members of civil society, the media and the research community.

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