

The right to a future

An overview of the Social Watch Report 2012

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The General Assembly of the United Nations has convened a summit conference to be held in June 2012 in Rio de Janeiro, Brazil, the city that 20 years ago hosted the historic UN Conference on Environment and Development. Widely known as the Earth Summit, the Rio 1992 conference endorsed the notion of sustainable development and approved the international conventions on climate change, desertification and biodiversity.

“Sustainable development” was defined at that time by the Brundtland Commission¹ as a set of policies that “meet the needs of the present without compromising the ability of future generations to meet their own needs.” It has been commonly understood as providing for the requirements of the social sphere (by eradicating poverty), while allowing for the economy to grow and respecting the environment.

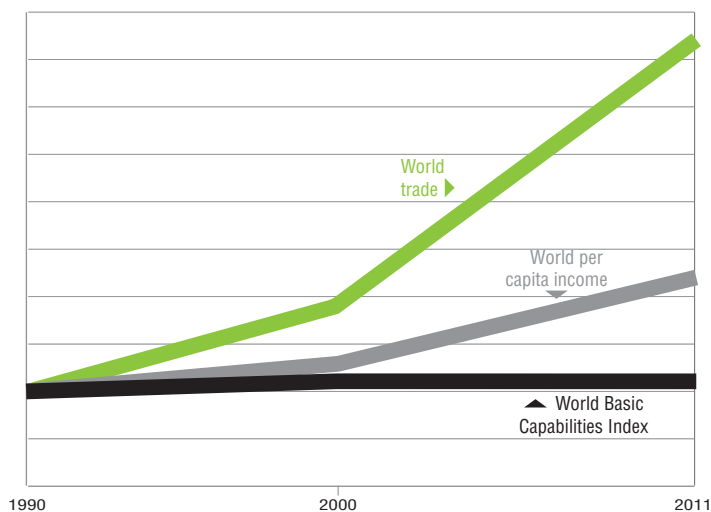
The 1992 Rio summit did not provide a definition of what precisely the “needs of the present” are, but in the subsequent series of UN conferences of the 1990s several social commitments were defined, including those of eradicating poverty and achieving gender equality and several indicators and targets were identified. Each country should decide on the policies that would allow for the achievement of these universally agreed goals and targets. Yet, after the collapse of the Warsaw pact and the disintegration of the Soviet Union, there seemed to be a widespread consensus that free trade and economic liberalization were the way to go.

Thus, the World Trade Organization, created in 1995, announces in its homepage that “the opening of national markets to international trade (...) will encourage and contribute to sustainable development, raise people’s welfare, reduce poverty, and foster peace and stability.” In a similar way, the first of the Articles of Agreement of the World Bank, as amended in 1989, establishes as a major purpose “to promote the long-range balanced growth of international trade and the maintenance of equilibrium in balances of payments by encouraging international investment for the development of the productive resources of members, thereby assisting in raising productivity, the standard of living and conditions of labor in their territories.”²

These two powerful international institutions have shaped the economic policies of the developing

FIGURE 1

Trade, income and basic capabilities



countries in the last two decades through their rulings on international trade and through the loan conditionalities imposed on indebted economies. Both clearly agree on trade and economic growth as the key objectives of their policies and the most important contributions to the sustainable development of their member countries.

And they have met these objectives: Total world exports multiplied almost five times in 20 years, growing from a total value of USD 781 billion in 1990 to USD 3.7 trillion in 2010. Over the same period, the world’s average inhabitants more than doubled their income, from USD 4.08 a year in 1990 to USD 9.12 in 2010.

The dignity deficit

These indicators suggest a global abundance of resources, which are sufficient to guarantee for the essential needs of all of the world’s 7 billion inhabitants. And yet, too many of these inhabitants suffer from hunger. According to the 2010 report of the Food and Agriculture Organization, 850 million people are undernourished in the world, and that number is increasing due to rising food prices.

To monitor trends in global deprivation, Social Watch has developed a Basic Capabilities Index³, which combines infant mortality rates, the number of births attended by trained personnel and enrolment rates in primary school. Together these indicators of basic well-being provide elements of what should be

considered a “minimum social floor.” They should add up to 100%, meaning that no children should be out of school, no women should deliver their babies without assistance and no kids born alive, or at least less than 1% of them, should die before their fifth birthday, since the major cause of those avoidable deaths is malnutrition and poverty.

The indicators computed in the BCI are part of internationally agreed goals that reflect what a minimum social floor should achieve. Below that, there is a dignity deficit. Dignity for all is what the UN Charter and the Universal Declaration on Human Rights set out to achieve and what world leaders committed themselves to achieve in the Millennium Declaration.

But the world is far from achieving these basic targets. The BCI moved up only 7 points between 1990 and 2010, which is very little progress. And over this period, progress was faster in the first decade than the second – increasing over four percentage points between 1990 and 2000 and of barely three percentage points between 2000 and 2010. This trend is the opposite for trade and income, both of which grew faster after the year 2000 than in the decade before (see figure). It is surprising that progress on social indicator slowed down after the turn of the century, despite steady growth in the global economy and despite international commitment to accelerate social progress and achieve the MDGs. This situation can only get worse as the most developed countries are facing severe financial and economic crisis that spreads all over the world. Austerity fiscal policies that cut on social

1 The World Commission on Environment and Development, known for its Chair, former Norwegian Prime Minister Gro Harlem Brundtland, issued the report titled *Our Common Future* that inspired the deliberations of the Earth Summit.

2 IBRD Articles of Agreement, (16 February 1989), <site/resources.worldbank.org/EXTABOUTUS/Resources/ibrd-articlesofagreement.pdf>.

3 See more about the Basic Capabilities Index in pages 45-49 of this report.

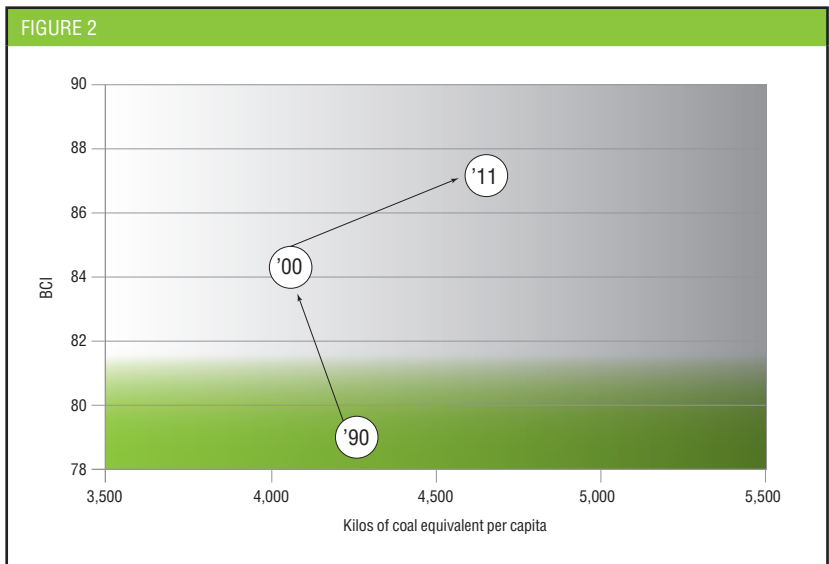
spending started to be implemented in debt-affected countries and are now spreading even to countries that do not suffer from debt problems or fiscal deficit. According to a study by the Policy and Practice division of UNICEF, the UN organization for children, out of 128 developing countries surveyed, more than 90 were introducing austerity measures that affect their social sectors in 2011 or were planning to do so in 2012. In at least one quarter of them the contraction was deemed “excessive”, meaning expenditures were cut below the pre-crisis level. This will have a direct impact on the well being of children and their families.

The glaringly obvious reason for the bad performance of social indicators even when the economy shows positive trends is the growing inequality within and between countries. According to the September 2011 issue of “Finance and Development”, a publication of the International Monetary Fund, “in 2010, real per capita income in the United States was 65 percent above its 1980s level and in the United Kingdom, 77 percent higher. Over the same period, inequality in the United States increased from about 35 to 40 or more Gini points, and in the United Kingdom, from 30 to about 37 Gini points. These increases reflect significant adverse movements in income distributions. Overall, between the mid-1980s and the mid-2000s, inequality rose in 16 out of 20 rich OECD countries”. The Gini coefficient is the most used measure of inequality and ranges from 0, when everybody has the same income, to 1 when a single individual receives all the wealth of a society. Brazil is one of the few countries where inequalities have diminished in the last decade from over 60 to nearly 55. The world as a whole is more unequal than any country, with a Gini value of around 70.

Thus, the hard numbers prove that prosperity does not “trickle down.” It used to be common sense that a growing economy benefits the poor, that a rising tide will lift all boats, big or small, or that the pie has to grow first before we can share it, but the trends in terms of the indicators of social progress seem to show the opposite. And that is also what many members of the Social Watch network around the world report.

Growth at any cost

Economic growth is a priority for all governments. Some identify growth as the key policy priority because it has been very slow or even declined during the global financial crisis that started in 2008. Other have lots of it; including a number of African countries such as Zambia and Cameroon, helped by increasing commodity prices. But that growth is not benefitting the majorities. In Zambia and Mozambique, as also in countries as diverse as Armenia, Azerbaijan, Bolivia, Chile, Ecuador, and Vietnam, extractive industries are the main motor of growth. In an effort to attract investors, safeguards and performance requirements have been waived and the result has been environmental deterioration without social benefits. The description of the situation in Vietnam is echoed in countries in all regions: “The country’s rapid economic



growth is placing tremendous strains on the natural environment, but while legislation protecting the environment is strong, its implementation is often weak.”

“As the population, economy and process of urbanization all grow,” the Vietnam report continues, “the main threats to the environment include overexploitation of forests, loss of arable land, water and air pollution, soil erosion due to unsustainable land practices, loss of biodiversity through – among other factors – poaching in national parks and environmental damage due to mining.”

The same is true elsewhere. In Thailand, for example, unrelentless pursuit of economic growth has induced at village level “a movement away from subsistence livelihoods to an increased focus on monetary income.” Thus, the Thai now face “the challenges of rapid degradation of marine and coastal resources and the multiple consequences of urbanization and industrial and tourism development.”

And in Mozambique: “The benefits of economic growth have not reached the people who need them most and the poor are getting poorer.”

Not surprisingly, the watchers are alarmed. In Argentina, for example, they find it “paradoxical” to promote investments “at any cost” in order to insure growth, while at the same time approving environmental protection policies. The watchers in Finland go even beyond and suggest that “it is time for an open discussion on the fundamental issues of well-being, equality and development, including forsaking the unending quest for material growth.”

Inequality is the reason why, against all theories and models, poverty is not receding, or doing so very slowly, even in countries where the economy is growing fast. By giving corporations more rights without corresponding obligations, globalization exacerbated inequalities between and within nations.

Inequality is the predominant concern in the reports from Hungary and the Dominican Republic, but the issue appears in a majority of the national contributions of this Social Watch 2012 global

report. In rich and poor countries alike, only a small minority benefitted from the excellent economic performance of the world up to the financial crisis of 2008. And then, those that did not benefit from the boom were asked to pay for the bailouts of banks in the richest countries of the world that had become “too big to fail.”

Not surprisingly the economic crisis and its social and environmental costs is a major issue in most of the European reports, particularly those of the Czech Republic, Poland and Slovenia.

Economic growth requires energy, and energy is at the heart of many of the problems denounced by the Social Watch country coalitions in this report. Oil extraction is easily identified with pollution but supposedly “cleaner” energy sources; such as hydro-electrical dams appear as problematic in several testimonies.

In Malaysia, where the official national goal is to achieve developed country status by 2020, an entire area of rainforest is being flooded and at least 15 communities relocated in order to construct a huge dam for hydro-electrical power. This is considered unsustainable and “irresponsible” by the Malaysian watchers, who warn about “loss of endemic species, increasing social discontent and environmental threats.” In Brazil and Mexico huge hydroelectric megaprojects are being planned or constructed. In Cameroon the Lom and Pangar dam project will displace thousands of people and ruin one of the richest ecosystems in the world.

Biofuels, often labeled as “green,” are a major cause of environmental disruption in Colombia, where the governmental support for agro-industrial monocultivation (which provides the input for biofuels) is causing the displacement of entire populations of small scale farmers. To add insult to injury, this does not even result from domestic demands but from the needs of the United States, subsidized by loans from multilateral development banks.

In Guatemala the monocrop is sugar cane, also a major source of biofuels, and its industrial cultivation

has similarly led to population displacement, human rights violations and deforestation.

Coffee is the culprit in Nicaragua. The country depends on its exports for cash and the expansion of this crop is depleting soil fertility, polluting water resources and promoting deforestation as peasants are displaced from their traditional lands.

In Sri Lanka deforestation is another consequence of armed conflict and in the Central African Republic the loss of 30,000 hectares of primary tropical forest has been registered due to the pressure of farmers, which in turn results from droughts in the north, northeast and eastern regions, which in the past were known for their agricultural production.

Desertification appears again and again in the reports as a major problem, particularly in Africa. In Nigeria almost 350,000 hectares of arable land are being lost annually to the advancing desert, as a result of droughts and human overexploitation, overgrazing, deforestation and poor irrigation, practices that derive from the extremely hard socioeconomic conditions in which the people live.

Climate change is also the root cause of the opposite disaster, catastrophic floods that devastated Central America in 2011 and Benin in 2008 and 2010, where crops were destroyed and outbreaks of cholera, meningitis and yellow fever were registered.

In Ghana, the impact of climate change is reported by the local watchers as: "hotter weather, reduced or increased seasonal rainfall, changes in rainfall patterns, flooding, sea surges, tidal waves and a rise in sea-level causing inundation and coastal erosion. The result is a reduction in food security, increased transmission of vector and water-borne diseases, significant economic losses through weather crises and the displacement of the population."

Even governments that have been leaders in acknowledging the problem find it difficult to sustain coherent policies. Bolivia, which champions the combat against climate change among developing countries, relies heavily on oil and gas production to fund its antipoverty strategies. In Germany, as part of the strategies to contain the European financial crisis, subsidies for solar energy are being reduced and the item for economic compensation to countries affected by climate change has been deleted from the 2011 draft budget.

Carbon and space

One of the countries most severely affected by climate change is Bangladesh, where rainfall and flooding is already leading to food shortages and millions of people risk becoming "climate refugees."

Paradoxically, Bangladesh is one of the countries which has contributed least to the problem, since its per capita carbon emissions are among the lowest in the world.

The graph in page 46 shows, precisely, the ranking of countries by CO₂ emissions from fossil fuels, in the horizontal axis, and by their Basic Capabilities Index in the vertical axis.

ECOLOGY AND ECONOMY

Two modern sciences carry in their names the Greek word *oikos* (house). *Ecology* is the science that studies the relations that living organisms have with respect to each other and their natural environment. Ecology can establish the limits above which a certain activity may cause irreversible damage. The science that deals with the relation between finite resources and infinite human wants is *economics*. In 1932 Lionel Robbins defined economics as "the science which studies human behavior as a relationship between ends and scarce means which have alternative uses."

It is not the notion of limits that is new. The "novelty" – and the urgency – is that human activities have reached global limits and thus globally agreed strategies are needed.

This graph shows that while 50% of carbon emissions are generated by 13% of the population, 45 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. And none of them are labelled as "high income." Yet, the members of that group of the "clean and virtuous" have no recognition or compensation for their achievement. Quite to the contrary, similar to other middle-income countries and those considered as "least developed," they often find their space for making domestic policy choices to achieve sustainable development squeezed by external demands, conditionalities and impositions that press them to take steps such as slashing tax rates and spending on social services.

The graph also shows that there is no direct relation between better progress on social indicators and CO₂ emissions. With carbon dioxide emissions of three tonnes of per capita a year, Costa Rica and Uruguay have managed to lower their infant mortality rates to the same level as a country that emits 20 tonnes a year: the United States. At the same time, with the same level of emissions as Norway, South Africa has a set of social indicators similar to that of Indonesia, which consumes five times less fossil fuels.

Between 1990 and 2000 the world's index of basic capabilities improved five points (from 79 to 84) while the world per capita emissions of CO₂ from fossil fuels actually decreased from 4.3 tonnes of coal equivalent to 4.1. In the first decade of the 21st century, the social indicators moved up only 3 points in the global average, but world CO₂ emissions moved up to 4.6 tonnes per capita.

The amount of global warming-causing greenhouse gases in the atmosphere reached a record high in 2010, and the rate of increase has accelerated, reports the World Meteorological Organization. Scientists attributed the continuing rise in levels of carbon dioxide, which is responsible for two thirds of climate warming, to fossil fuel burning, deforestation and changes in land use.

Countries with CO₂ emissions way below the world averages and low rankings on social indicators

argue that they need a certain "space" for more emissions in order to ensure an improvement in well being of their populations. This argument is sound, particularly since OECD countries have already used up more than their fair share of "atmospheric space" for emissions. However, empirical evidence shows that some countries have managed to reach social indicators at levels comparable to the average of the OECD countries with less than half the world emissions average. OECD members, in turn, not only consume much more than the world average, but have historically contributed to the accumulation of greenhouse gases in the atmosphere and thus used up their share of the atmospheric space.

If fulfilment of basic dignity levels of enjoyment of social, economic and cultural rights is not incompatible with sustainability and achievable with existing resources, not doing so is not just an ethical fault but also a threat to the global system, increasingly perceived as unjust, unfair, designed to create more and more inequality and therefore illegitimate.

Rights as the basis of sustainable development

When basic civic and political rights are absent civil society is unable to organize peacefully, people cannot make their voices heard and the quality of government policies suffers. In Eritrea, "the hell of Africa" and Burma, the need for some democratic governance as prerequisite is clearly spelled out, while in Palestine it is inescapable that no development is possible under foreign occupation and in Yemen it is evident that "*little progress can be made towards sustainable development because the country is teetering on the edge of civil war and faced with widespread famine and social catastrophe.*"

Yet, civil society shows amazing resilience and displays creativity as soon as it is given a slight opportunity. In Iraq the demonstrations that shook the country in February 2011, calling for the elimination of poverty, unemployment and corruption illustrate the new role that Iraqi citizens are beginning to play in a society where democratic participation was formerly violently repressed or silenced altogether. Although still amidst a backdrop of insecurity and highly deficient civil liberties, civil

society organizations are growing and playing an ever-increasing role in the nation's development and joining the regional "Arab Spring" democratic insurgency.

In Kenya, after many years of struggle for true sovereignty and citizenship, citizens finally managed to negotiate a groundbreaking Constitution in 2010. Its focus on basic rights, participation, and accountability to citizens provides the basis for defining the role of the State as central to constructing an economy that fulfils the promise of equity and basic social and economic rights. In environmental terms, the new Constitution is also a step forward since it establishes the right of every Kenyan to a clean and healthy environment.

In Bolivia and Ecuador constitutional reform processes similarly backed by big majorities have strengthened the rights of indigenous peoples and, instead of using the language of "sustainable development" found inspiration in their cultures to establish at constitutional level the rights of *Pachamama* (Mother Earth). However, as watchers make clear, the protection of those rights from the ravages of the relentless quest for economic growth demands constant struggles. Environmental concerns, Bulgaria watchers recall, were extremely important in the country's struggle for democracy. Now, after years of increasing apathy, more and more people are becoming involved in environmental issues. The introduction of Genetically Modified Organisms (GMOs) in the market and several flaws in the implementation of the NATURA 2000 programme for conservation of natural areas have become two major issues in the political debate and the mobilization of citizens. In Italy, even when sustainable development was never part of the Berlusconi Government's priorities, successful referenda promoted by civil society (against nuclear power, forced privatization of water and other public services and against the exemption of the Prime Minister from the rule of law) brought almost 27 million Italians to vote, and succeeded in pushing the country in a more sustainable direction.

In some countries, Serbia and El Salvador among them, civil society organizations are vocal in supporting sustainable development policies that they have actively contributed to formulate through open consultations. Yet, success is not taken for granted, as it depends on "implementation, monitoring and enforcement, raising awareness and securing political support."

Sustainable development: goals or rights?

By monitoring antipoverty efforts and development strategies at national and international level, Social Watch has found, as summarized above, that economic indicators and social well-being indicators do not correlate. It is therefore urgent to revise economic strategies to achieve the internationally agreed sustainable development goals and make the enjoyment of human rights a reality for all.

At the Earth Summit, the leaders of the world 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." This is as true today as it was in 1992.

Global public goods cannot be provided by any single state acting alone, and they include the preservation of the life supporting functions of the atmosphere and the oceans (threatened by global climate change) or the reliability and stability of a global financial system, indispensable for trade and development but threatened by unhindered speculation, currency volatility and debt crises. The failure to provide those public goods impacts the livelihoods of billions of people around the world and threatens the one public good that inspired the creation of the United Nations: global peace.

Further, in spite of the recommendations formulated by the Earth Summit to develop sustainable development indicators and all the work done in this area since then, the international community still lacks agreed indicators to measure the sustainability of the global public goods under its surveillance.

The report of the Stiglitz-Sen-Fitoussi Commission⁴ clearly suggests that well-being indicators and sustainability indicators are of a different nature and likens them to the dashboard of a car, with separate displays for speed and remaining gas. 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.

The human rights framework sets clear goals for well-being indicators. The rights to food, to health, to education impose the mandate to achieve universal attendance of all girls and boys to education, the reduction of infant mortality to less than 10 per thousand live births (since all mortality above this figure is related to malnutrition and poverty), the universal attendance of all births by trained personnel, the universal access to safe water and sanitation and even the universal access to phone and internet services.⁵ Basically all of the first six goals of the MDGs can be read as a request to fulfill existing rights in accordance with the International Covenant on Economic, Social and Cultural Rights (ESCRs). And human rights demand other goals, not included among the MDGs, such as the right to social security (article 22 of the Universal Declaration), now recognized as the basis for a "minimum social floor".

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 realization of those 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 prioritization of 'maximum available resources' also applies to international assistance. In order to monitor the effective use of the maximum available resources (including those of international cooperation) the Universal Periodic Review of the Human Rights Council should be strengthened to perform this task. Further, the Optional Protocol to the Covenant on ESCR should be ratified, so as to allow citizens to claim their rights in court, and the bilateral and multilateral development agencies have to be made accountable for their human rights impact.

Sustainability indicators, on the other hand, refer to the depletion of certain non-renewable stocks or assets. When those are part of the global commons international agreements are required to ensure sustainability. Contrary to human well-being, which can be formulated in terms of goals, sustainability needs to be addressed in terms of **limits**. Limits can be formulated as an absolute ban on certain activities, such as the ban on whaling or on the emission of ozone depleting gases (Montreal Protocol), or they can establish quotas to ensure non-depletion, which can be assigned to economic actors through different market and non-market mechanisms respecting the equity and solidarity principles.

Internationally, more work needs to be done, for example, on fisheries in order to avoid further depletion of species that are vital to feed millions of people. But above all, an ambitious agreement is needed on the second commitment period of the Kyoto Protocol that limits temperature rise to well below 1.5⁶ to prevent catastrophic climate change and ensures just and fair sharing of drastic emission reductions, in accordance with common but differentiated responsibilities and historical responsibility.

Any formulation of "sustainable development goals" that does not include adequate climate change targets or does not address the human rights aspects and the sustainability aspects simultaneously and in a balanced way, risks derailing the comprehensive sustainable development agenda without any compensatory gains.

Instead of the establishment of new goals, what is needed is a monitoring and accountability system that can actually make **all** governments, North and South, subject to review for their obligations at home and **simultaneously** creates an entitlement for support when those domestic obligations are met but the available resources are still not enough.

The principle of "special and differential treatment" for developing countries enshrined in the WTO agreements is there because of that same logic, but in practice this principle is seldom applied. The notion of "historic responsibility" mentioned in the preambular paragraph of the UN Framework Convention on Climate Change goes one step beyond.

4 Report by the Commission on the Measurement of Economic Performance and Social Progress, (2009), <www.stiglitz-sen-fitoussi.fr>

5 Article 19 of the Universal Declaration on Human Rights: 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.

In the current international trade system, when a country fails to meet its obligations, the affected country cannot impose a change in the offending tariffs or subsidies (as that would violate sovereignty) but is allowed to impose a retaliation up to levels determined by an arbitration panel. A similar construction can be imagined, where a country that is unable to get from "international assistance and co-operation" the additional resources needed to fulfill its human rights obligations, can carve exemptions in its trade and investment obligations to the level required, by for example raising trade tariffs beyond what would usually be allowed in WTO agreements, impose additional obligations on foreign investors without risking being sued under investment agreements, deferring debt-related payments, or any other measures the affected government might deem necessary. These arbitration formulas are not completely different from those proposed for countries facing difficulties in their external debt payments.

In fact, such a principle was already enunciated by former UN Secretary-General Kofi Annan in 2005 in his "In larger freedom" report when he proposed that debt sustainability be defined as the level of debt that allows a country to achieve the MDGs by 2015 without an increase in its debt ratio.

Financial and technical assistance is only one aspect of the obligations of developed countries (and, in fact, of all countries, including middle-income countries, once they have achieved a satisfactory level of fulfilment of basic ESCR obligations). Countries also have a collective international responsibility to ensure that the governance of the global economy is consistent with human rights. Cambodia, for example, is receiving currently some USD 700 million in ODA a year, but it has accumulated reserves of USD 2.5 billion in the last few years, most of them in US Treasury bonds, which amounts to an LDC providing a soft loan to one of the world's richest countries.

Can the Cambodian Government be blamed, on this account, for diverting precious resources in this way instead of allocating them to essential social services? While this is a description of what actually happens, those reserves are needed as an insurance against even greater risks derived from speculation and financial volatility. The G7 and perhaps even the G20 governments are much more responsible for having created those risks, by liberalizing financial flows and deregulating the financial industry. By not meeting their responsibility to create a sustainable global

financial system, the most powerful countries are also not allowing poor country governments to use their available resources properly.

New rights and institutional mechanisms need to be established with regard to sustainability. The civil society Reflection Group on sustainable development, comprised of members of Social Watch, Friedrich Ebert Stiftung, terre des hommes, Third World Network, Dag Hammarskjöld Foundation, DAWN and the Global Policy Forum has incisively identified the deficit in this regard and proposes explicit recognition of the rights of future generations and mechanisms to defend them. (See pages 9-16 of this report)

This "right to a future" is the most urgent task of the present. It is about nature, yes, but it is also about our grandchildren, and about our own dignity, the expectations of the 99% of the world's 7 billion men and women, girls and boys that were promised sustainability two decades ago and have found instead their hopes and aspirations being melted into betting chips of a global financial casino beyond their control.

Citizens around the world are demanding change and this report is only one additional way to make their voices heard. The message could not be clearer: people have right to a future and the future starts now. ■