# *Development and human rights: lessons learned from the MDGs*

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## *Overview*

This briefing reviews some of the major current challenges and longer-term opportunities for civil society organizations in advancing human rights through development processes and explores strategies for more concerted action across the human rights and development communities. It suggests that to fulfill the MDGs, civil society organizations need to work with others to more broadly question the current economic development model and promote economic alternatives. Human rights principles can provide the normative content to enable citizens to identify and promote the best economic alternatives. This briefing offers a review of a number of important alternative policy proposals both for national economic development and a new development model as well as for a more stable and just global economy, and why advocates for the MDGs should support them. It also provides some suggestions for how human rights and MDG advocates can use several processes and upcoming summits as tools and opportunities to develop a rights-based approach to economic policy making and propose alternative development policies.

## *What Can Be Learned from the MDG Process So Far?*

By the late 1990s, the development model promoted by the official foreign aid donors, the Washington Consensus, reached a juncture point. This model was being criticized for focusing too much on free market reforms and economic growth as the driver of development, while neglecting the importance of addressing human livelihood, social inequality and environmental sustainability concerns. In many ways, the international efforts of many civil society organizations to directly address such concerns resulted in the overwhelming support by world leaders of the Millennium Declaration in 2000 and its subsequent list of the Millennium Development Goals (MDGs) to be achieved by 2015. One of the purposes of the MDGs was to bring social and environmental goals back onto the development agenda, as a counterweight to the narrow focus on free trade and market reforms of the preceding Washington Consensus model.

The MDG Campaign has been successful at garnering support for the importance of addressing unmet human needs, rather than merely focusing on economic development. Many donor countries, United Nations funds, programs and agencies claim that development priorities are now more closely aligned with poverty reduction as a result of the MDGs. In addition, the MDGs appear to have raised the profile of development issues among the general public, as well as among the human rights community. A number of “special procedures” of the United Nations Human Rights Council, including those dealing with extreme poverty, health, indigenous peoples, and water and sanitation, have been actively engaging with the Goals. Amnesty International has prioritized the Goals through common issues, such as maternal mortality, within its “Demand Dignity” global campaign.

Among the most important, yet least on-track goals is MDG 8, to “develop a global partnership for development” between donors and recipients. Some lessons that have been learned from the process so far are that donor countries should stop tying often self-interested policy “conditionalities” to their aid and instead truly support national ownership of National Development Strategies, as well as the realization that “one size fits all” policies and programs are bound to fail if not adapted and suitable to the local context and nationally-driven.

Recent lessons, particularly coming out of the 2008 Financial Crisis which saw a leap backwards in progress made on the MDGs, also suggest that a universal social protection floor is needed to maintain and regenerate livelihoods, particularly for the most disadvantaged and vulnerable. Universal social protection is not only desirable and affordable, but is also necessary for inclusive sustainable development. Other lessons are that growing economic inequality and social exclusion can in fact limit economic growth, such as for example, in the case of a lack of progress on narrowing the gap between women and men on many of the MDGs, including on education and labor force participation outcomes.

Lastly, there is an urgent need to ensure more supportive international frameworks for trade, taxation, technology, climate change mitigation and adaptation to sustain long-term human development. This will require donor countries to pull their weight of responsibility in providing a much more increased level of ODA with much more predictable and well-coordinated financing for development.

However, the focus of the MDGs on absolute poverty reduction indicators also reflects broader set of challenges for aligning the current development model with human rights norms and principles. The MDGs represent the contemporary official discourse—one whose approach has been largely apolitical, technocratic, based on voluntary commitments and procedurally top-down. Nor does it question, challenge or call for alternatives to the current development model that is based on many of the same neoliberal pillars of free trade and free markets in an integrated global economy as its predecessor, the Washington Consensus paradigm. As such, the MDG approach does not represent an actual national economic development strategy for countries, or the political and social factors for undertaking economic development while realizing human rights. Therefore, advocates of a rights-based approach are faced with the need to step back and rethink the current popular notions about foreign aid and development underpinning the MDG narrative.

Although the MDGs give an important and much-needed focus to poverty and hunger alleviation, as well as other interrelated issues such education, gender equity, the environment, maternal and child health and other health problems, the Goals do not say how meeting such targets will be financed. Here the approach of the MDGs neglects the question of which economic policies are necessary for a dynamic and transformational process of economic development. In so doing, a focus on the MDGs alone that does not challenge the current neo-liberal development model that underpinned the Washington Consensus and carried over into the post-“Washington Consensus” consensus from which the MDGs were born.

The several components of the donor-recipient relations addressed by MDG 8 around aid, trade and technology transfer similarly do not question the underlying assumptions of the overarching economic framework upon which the MDGs depend. The neglect of such questions can lead advocates to not be aware that other economic policy alternatives exist, when, in fact, many countries’ success actually resulted from the pursuance of pragmatic heterodox policy mixes (discussed below). These were focused not just on maximizing economic growth rates but on building enhanced domestic productive capacities and policies to support dynamic structural change. Lessons from these countries also show that development-oriented macroeconomic policies should be geared for supporting the growth of real output and employment, for which higher public investment is often crucial.

While the focus on poverty indicators has increased, earlier basic notions of development economics which were once widely understood have disappeared from the official discourse on aid and development over the last three decades. Previously, it was common for policy makers and foreign aid agencies to discuss strategies of industrialization and employment policies, based on high levels of sustained public investment as a percentage of GDP, and a strategy to transition away from producing only raw primary commodities and extracting natural resources towards building new manufacturing and services industries of increasing value-added over time.

The idea was to create increased levels of productive employment as a way out of poverty, and to diversify the economy to avoid dependence on just a few low-level commodities. The rich countries in the Organization for Economic Cooperation and Development (OECD) are regularly referred to as the “industrialized countries” for a reason. Yet these basic notions under the industrialization model were jettisoned from the official aid agenda in the 1980s. This occurred with the onset of the minimal government intervention, free-market creed that was established in the Washington Consensus approach and strongly advocated by the Reagan and Thatcher governments.

By the 1990s, the idea that states should play a pro-active role in supporting the development of domestic industry had become decidedly unfashionable in the foreign aid community. Rather than focus on “national” economic development, the new mantra became “integration with the global economy” as the route to development. Micro-credit to enable individual villagers to become entrepreneurs had become acceptable, but full-blown industrial policy was off the radar.

The earlier ideas of industrialization, along with Keynesian full employment goals and large public investments in agriculture and infrastructure have been all but eliminated from the discussion today. Terms such as “trade protection”, “subsidies”, “capital controls” and other forms of “industrial policies” have been abandoned and are even met with disdain and derision. Today’s economic policy prescriptions continue to call for minimal government intervention and maximum freedom for market forces.

At the same time, near to the turn of the century, the Washington Consensus polices were criticized for their seeming lack of concern for the poor and neglect of progress on human development indicators. . International networks of aid advocates for the UN’s Human Development Indicators and bilateral and multilateral donor agencies called for aid to be more responsive to “poverty reduction” concerns and these efforts led to the adoption of the Millennium Development Goals (MDGs) in 2000.

But the MDGs approach does not question the assumptions of the Washington Consensus, which has replaced earlier pathways to development. The new idea is that if developing countries simply cut their budget deficits and keep them under control, raised interest rates if necessary to get inflation down and keep it down, privatized, deregulated and opened their trade and financial accounts to the global economy, they would be rewarded with higher economic growth and development. Today these ideas have become so widely accepted they have become the backdrop in discussions of foreign aid and for understandings of development.

And in the modern official discourse of the foreign aid agencies, it has become increasingly difficult to distinguish between “foreign aid”, “poverty reduction” and “development assistance”, for example, as these terms are often used interchangeably and have seemingly replaced the earlier understandings of what all the foreign aid is supposed to be for in the first place. Few in the official bilateral and multilateral foreign aid agencies and NGO contractors and aid advocacy organizations share any widely-accepted definitions of development.

Unfortunately, the current approach has failed to lead to the successful economic development that was promised. Instead, the record has shown that by themselves markets cannot determine the direction of development, and cannot deliver growth and redistribution, job creation or social protection.

Countries such as China, to some extent, India, and regions such as East and South-East Asia, have experienced strong growth during the last few decades and have managed to significantly reduce poverty levels, particularly in urban areas. These successes have driven the aggregate global poverty levels down; but not every region or country has recorded such progress, and there has generally been less poverty reduction in many other countries which have experienced little or no growth. In fact, according to United Nations and World Bank data, the absolute number of poor people has gone up in several countries in sub-Saharan Africa, Latin America, the Middle East and Northern Africa, as well as in Central Asia (UN DESA 2009; World Bank 2008; Mekay 2004).

Where some economic growth has occurred in developing countries, particularly the least developed countries, it has often been tied to price increases in global markets for their commodity exports, but this has rarely translated into poverty reduction or national economic diversification into manufacturing and services. This has been especially the case when higher growth has been concentrated in extractive industries, which has not resulted in much job growth and structural change. Additionally, high or rising inequality within countries has undermined the poverty-reducing effects of growth where it has occurred. For example, in China, which has by far led global poverty reduction, rural-urban inequalities have grown at the Gini-coefficient has risen past the 0,40 international alert line.

Previously, the basic indicators of a successfully developing country were more broadly understood, and were concerned with employment and production as a means to achieving a decent living for citizens. They asked questions like are there more jobs and domestic companies in the formal sector (contributing to the tax base) than there used to be? Is the level of public investment as a percentage of GDP by the government increasing or not? Is the level of workers' wages as a percentage of GDP increasing or not? Is the economy diversifying and moving from primary agriculture and extractives into new manufacturing and services industries or not? Yet, not only are these kinds of questions no longer being considered by the "development" experts, but if asked, the track record of many developing countries shows that the answers in many cases is not encouraging.

Here the dominant poverty reduction discourse presents a dilemma. Some countries have scored some improvements on their poverty indicators. But even for countries with improved indicators, can they truly be "developing" successfully when they are not also increasing their levels of formal sector, but rather, vulnerable employment, when workers are not earning higher wages to live in dignity, when there are not more domestic companies engaged in increasingly diverse productive activities for sustainable growth, when marginalized groups do not benefit from these transformative processes, and when the tax bases are not growing and in a fair and equitable manner? Arguably, the answer is no. But the problem is that very few in the foreign aid agencies are asking these kinds of questions.

The shift in the university curricula was equally dramatic, largely eliminating over time the history of the extensive use of industrial policies by the rich countries over the last few centuries, from the time of Henry VII in England in 1485 through the successful East Asian industrialization of the last 50 years (Reinert 2007; Chang 2002). Instead, many students of economics and development in the last few decades have only been taught neoclassical free trade theory and the efficient market hypothesis. Increasingly, students of economics only get mathematical models and elegant equations that are entirely devoid of the messiness of real-world contexts inequalities, power structures or "externalities" such as politics.

Indeed, many of today's central bankers and finance ministry officials in developing countries, who have gone to school at elite universities in the US and Europe, have only learned neoclassical economic theory and returned home to try to implement it, even though it stands in stark contrast to what the rich countries actually did to industrialize successfully. As the Norwegian historian of economic policies, Erik Reinert (2007), has lamented, there is no discipline called the History of Economic Policies; students learn quite well what Adam Smith said the UK should do, but they learn virtually nothing about what the UK actually did. Nobel Laureate Joseph Stiglitz is aware of this phenomenon, too, and has advised African officials: "Don't do as the US tells you, do as the US did" (Stiglitz 2003).

As with the whole set of Washington Consensus policies, the idea of trade liberalization has taken on a life of its own and become enthroned as an end in itself, and unqualified free trade theory has deeply influenced development policy. Yet such rapid, across-the-board, premature trade liberalization in Africa, Latin America and elsewhere since the 1980s and 1990s has in fact led to the destruction of many existing industries, particularly of those that were at their early stages of development, entailing massive job losses without necessarily leading to the emergence of new ones. The nascent industries in Africa were especially hard hit. According to some estimates by the United Nations Conference of Trade and Development (UNCTAD), total income losses for sub-Saharan Africa from trade liberalization amounted to US$270 billion over the past two decades – more than the total foreign aid received by the region (UNCTAD 2005).

Despite the failure of the Washington Consensus policies to lead to inclusive and sustainable economic development, such policies continue to move full speed ahead as policy reform conditions on most new IMF and World Bank loans. Such loans are regularly approved by the representatives of finance ministries of most rich countries, who approve the loans on the executive boards of the institutions in Washington. The approval of IMF loans and reviews can result in the official "green light" IMF signal to aid agencies and capital markets of a country's creditworthiness.

Such polices also continue unhindered in the World Trade Organization (WTO), where the Doha Development Round negotiations continue, and in the proliferation of new bilateral and regional free trade agreements and investment treaties being negotiated by the US, EU, China with developing country trade ministries, who believe they will one day gain greater access for their exports into Northern markets. The current WTO negotiations include an agenda item that involves principally reductions in industrial tariffs. Referred to as Non-Agricultural Market Access (NAMA), these negotiations are problematic because they could lead to even further significant job losses, very significant tariff revenue losses not recouped from other sources of revenue, and they could narrow the remaining "policy space" for many African countries to pursue industrialization strategies by removing, or outlawing, the flexible future use of such tariffs in different industrial sectors and over time.

In sum, a fatal flaw in the reasoning of the dominant neo-liberal economic model is that development needed to finance the goals will be realized through free market policies along with some external inputs, such as more foreign aid, allowing more foreign investment, remittances flows and debt relief. Yet this approach is insufficient and the tax bases of many least-developed countries are not increasing (McKinley and Kyrili 2009), more domestic firms are not being created, and economies are not diversifying. In order for these aspects of meaningful economic development to be realized a different development model will be needed.

A main lesson the MDGs process is that achieving the goals will require additional resources and that not all of those resources will be forthcoming from external sources like foreign aid. Therefore, the question of the development model and how well it enables countries to better generate their own financial resources is of great importance to advocates of the MDGs. Another key lesson learned thus far is that, although the MDGs tried to promote a more "human development" model by the UN agencies, this effort was undermined by the disjuncture and lack of congruency between the "human development" policies of the UN agencies and the free market reforms of the Bretton Woods institutions and bilateral donors and trade ministries, a chasm that is if not undermining, then misdirecting states' prioritization of meeting the MDGs. In order for the Goals to meet their 2015 deadline, as well as better longer-term success with development, both human rights and development advocates will need to address the problems within the current development model and combine efforts to mainstream human rights into alternative economic models to meet the MDGs as well as future development paradigms beyond 2015.

## *Policy alternatives*

The food & fuel price increases of 2008 and the global financial crisis and economic recession have raised questions about many of the current neo-liberal economic model's policies, particularly financial liberalization. The crisis has increased the political pressure for alternative financial and economic development policies that will more financially stable growth, while the global recession has also created political to ensure that fiscal and monetary can more effectively create decent jobs.

Coming out of the dramatic financial crisis, there is today a broader consensus around the need for better state regulation of the financial sector and the need to reduce the size and dependency on the financial sector in terms of GDP in the economy. But there is also an important new awareness about problematic gaps in the global financial architecture itself, where rights and development advocates can take several various steps to work with other national and international advocacy networks to call for structural reforms that can provide more global financial stability and more just and equitable economic development. Such efforts involve issues related to international debt cancellation, exchange-rate agreements, capital controls, and new regional financial lending facilities.

Regarding policies for national economic development, some recent staff papers at IMF suggest some new thinking on allowing capital controls (on inflows), which is a dramatic change is in its longstanding opposition to the use of capital controls by developing countries. The issue of capital controls is fundamentally important for enabling countries to control the flow of money coming into and out of their economies, and particularly for preventing the large and sudden speculative inflows caused by currency speculators and disastrous rapid outflows during economic crises.

In a dramatic turn of events, policymakers in several countries have been quietly imposing a variety of capital controls. For example, Indonesia, South Korea, Argentina, Venezuela, Brazil, Taiwan and Iceland have adopted new types of capital controls. The "market's response" to these various controls has been a surprising silence and, in some cases, tacit approval. The response by economists at the IMF has been uncharacteristically muted (Grabel 2010a; 2010b).

In fact, several recent IMF staff research reports, papers and statements by the IMF officials in 2010 have suggested the IMF is taking an important new position on the actual usefulness of capital controls, at least when it comes to controls on inflows (Ostry, et al., 2010; IMF 2010a; Chamon 2010; IMF 2010b). In this way capital controls have quietly become another element of what Ilene Grabel calls "the new normal" created in the fallout of the financial crisis (Grabel 2010a; 2010b).

However, the IMF must be pushed to go farther than simply accepting capital controls as a temporary, short-term, quick-fix solution to deal with volatile capital flows during crises. Rather, capital controls should be seen as one of the standard policy instruments in the toolboxes of governments to pursue independent economic policy making and for goals such as growth and financial stability. As had been widely understood to be at the founding of the IMF in the 1940s, capital controls should again be seen as fundamental policy tools that ought to be available to all members, and the IMF should be stand ready to help countries design smart controls that are more than just temporary band-aids during crises. New independent academic research has also found that controls on capital inflows can reduce capital flight during periods of financial market duress, while also mitigating macroeconomic volatility and increasing welfare (Jeanne & Korinek 2010). This new research adds to the previous evidence that capital controls are effective policy tools for managing macroeconomic stability (Epstein, Grabel and Jomo 2003).

However, despite such new thinking by the IMF on capital controls, the bigger problem remains: overall, the broader free market policies that were also characteristic of the Washington Consensus continue to be uncritically accepted by many donor agencies, the media, universities and many NGOs. And while the IMF did loosen some of its deficit and inflation targets in the midst of the economic crisis, they have not truly moved away from their pro-cyclical policy approach and in fact are intending to ratchet these targets back down to pre-crisis levels by this year or next year. The MDGs continue to be championed alongside these economic development policy prescriptions and within the same underlying power structures that have favored wealthy countries. The need for alternative approaches, such as the use of trade protection and industrial policies in national development strategies, continues to go largely unaddressed.

The use of industrial policies, in which the government supports the emergence of new infant industries with publicly-financed research and development (R&D), in acquiring new technologies, with subsidies, trade protection, subsidized credit, and other mechanisms, had long been part of mainstream development economics until they challenged by advocates of free trade and free markets in the late 1970s and 1980s. Critics argued that industrial policy had not worked and indeed could not work because government failures were always worse than market failure. The subtext was that any industries which were not capable of competing in international open markets should not be protected with tariffs or subsidies but should be gotten rid of. The earlier long-standing notion of industrialization as an evolutionary learning process was abandoned, along with the corollary idea that "it is it better to have an inefficient industry than no industry at all" (Reinert 2007).

These critics were certainly correct in pointing to some very unsuccessful instances of industry policy in Africa and elsewhere, but they were selective in their criticisms and ignored successful cases. Furthermore, the critics did not account for why industrial policies had worked so well in the US, Europe and East Asia but failed so badly in Africa and Latin America. Instead, they just tossed out the baby with the bathwater and took the whole discussion of industrialization off the table. Future access to foreign aid and debt restructuring would be conditioned on rolling back the state and the satisfactory implementation of Washington Consensus reforms.

Nevertheless, today there are increasingly vocal advocates of alternative or “heterodox” thinking about national economic development that can support a more equitable and rights-based approach to economic policy, including important UN agencies such as UNCTAD, UNDP and others. Some examples include Robert Pollin, Gerald Epstein and James Heintz (2008) show that alternative approaches to fiscal and monetary policies in low-income countries are certainly possible, and Hailu and Weeks (2009) show that such alternative approaches are necessary but first the dominant neoliberal “price-determined” economy framework in macroeconomic policy analysis, which has characterized the Washington Consensus policies, must be abandoned and replaced with a greater emphasis on the long-neglected “demand-determined” economy framework.

UNCTAD has also noted that the dominant Washington Consensus model was insufficient in terms of a development strategy. The agency has called for a paradigm shift away from “price-determined” to “demand-determined” approaches in several of its publications. These include its important UNCTAD Least Developed Countries Report for 2006 which focused on “Developing Productive Capacities” (UNCTAD 2006) and its Economic Development in Africa series report for 2007 focused on “Reclaiming Policy Space: Domestic Resource Mobilization and Developmental States” (UNCTAD 2007), and a handbook, “Enhancing the Role of Domestic Financial Resources in Africa’s Development” (UNCTAD 2009).

The idea that alternative and more expansionary fiscal, monetary and financial policies can be used to bring back the “full-employment agenda” has been well articulated by Gerald Epstein (2009). The UN’s Non-Governmental Liaison Service has recently produced a valuable and comprehensive guide for civil society advocates, “Decent Work and Fair Globalization: A Guide to Policy Dialogue,” to use to promote more ambitious and progressive alternative strategies for employment-based national economic development and global economic governance reform (NGLS 2010). The UNDP has also developed another useful guide, entitled *Beyond the Midpoint: Achieving the Millennium Development Goals* which MDGs advocates can use to call for alternative policies that can better enable countries to achieve the MDGs and more successful economic development (UNDP 2010). The adoption of such an alternative development model is important for advocates to address the question of how to better generate the national economic resources for financing the meeting of the MDGs by 2015 and beyond.

Regarding alternatives for the global economy, there is also important new awareness about problematic gaps in the global financial architecture, where rights and development advocates can work with other national and international advocacy networks to call for structural reforms that can provide more global financial stability and more just and equitable economic development. Such efforts involve issues related to international debt cancellation, exchange-rate agreements and new regional financial lending facilities.

**Changing the Current Unfair Approach to Trade and Exchange-Rate Imbalances**

Many economists believe the large trade and exchange rate imbalances that have persisted over many years between major economies played a role in the recent crisis, and this has sparked renewed interest in the need to reform the international monetary system. The international monetary framework which emerged after the collapse of the Bretton Woods system in the 1970s has proved volatile, damaging and prone to crises. Individual countries seek to build trade surpluses and stockpile international currency reserves while the burden of economic adjustment has fallen entirely on countries experiencing trade deficits. Many advocates argue it is time for a fundamental redesign and the introduction of a global reserve currency, institutions and agreements to help stabilize international exchange rates, smooth commodity prices, promote international economic cooperation, and prevent future financial crises.

There are two main requirements: a new global reserve currency not based on the dollar (or any one country's currency), and a new system established for managing exchange rates to prevent systemic trade imbalances from building up over time. A global reserve currency and exchange rate agreements could greatly reduce global economic imbalances that tend to hit deficit countries especially hard, and set back efforts at achieving the MDGs. Therefore, advocates of the MDGs can help stabilize economies and lessen the frequency and severity of financial and economic crises by advocating for such reforms to the global financial architecture. Of course, fewer resources lost in economic crises or subsequent bailouts translates to more resources that can be directed towards achieving MDGs targets. Responding to the need for a new global reserve currency, some advocates and economists have proposed scaling-up the use of the IMF's Special Drawing Rights (SDRs) for this purpose, which, with enough political will would require reforms to the IMF's Articles of Agreement. SDRs should be commercialized (used in common trade invoicing or commodity pricing, for example) and become more broadly used.

Regarding a mechanism to correct trade imbalances, one important proposal is to ensure that the burdens of adjustment to future trade imbalances fall equally between surplus and deficit countries. One way to achieve this would be to go back to some of the ideas proposed by John Maynard Keynes in the run up to the original Bretton Woods conference – an international currency union in which countries face a system of financial incentives and disincentives to deplete their surpluses and aid countries facing deficits. Such proposals could be adapted to the present context, and UNCTAD has already started work on elaborating the use of a constant real exchange rate rule (UNCTAD 2010).

**The New Debt Crisis and Need for a Global Sovereign Debt Workout Process**

Another major reform necessary for improving global financial governance is the creation of an orderly bankruptcy system for countries. This is especially true now as the global economic crisis has plunged many developing countries back into deeper levels of external debt. According to the IMF, several countries that have previously benefitted from debt relief through the current Heavily Indebted Poor Countries Initiative (HIPC) are now at high risk of falling back into new "debt distress" and new very high levels of debt are now again faced by many other countries which already got some debt cancellation from the HIPC program. Countries burdened with onerous debt must often prioritize their scarce resources for repayments over social spending in key areas relevant to meeting the targets of the MDGs. This continuing problem strongly suggests the need for radical changes in how the IMF assesses the notion of "debt sustainability" and how future debt crisis are addressed in the global financial architecture.

Advocates have long called for a Fair and Transparent Arbitration Process (FTAP) or other similar type of international mechanism to provide orderly debt workout mechanisms for sovereign states to renegotiate, restructure or cancel their unpayable debts (Raffer 2001: Gallagher 2010). The continuing absence of such a restructuring mechanism is one of the other gaps in the current international financial architecture. The absence of such a mechanism is harmful and the reality is that many countries, if not this time then the next, will need to reschedule, restructure, or even default on their debt. At present there exists little options for states to workout their debt problems under orderly and fair terms. Thus, future debt workouts are likely to continue result in crisis-stricken debtors and disgruntled creditors. Advocates for the MDGs can better enable countries to avoid future financial and economic crises and lost resources for achieving the MDGs by concurrently supporting such a much-needed reform of the global architecture. Previous attempts to create such mechanisms have failed, largely because creditors take advantage of the upper hand they currently hold and because debtor nations are wary of supporting such an initiative in fear they might be seen as default-prone. Therefore stronger advocacy work and greater leadership is thus in order. So far the G20 has been little more than a talk shop, but advocates can use future G-20 summits as opportunities to push for the creation a just sovereign debt-restructuring facility (Gallagher 2010).

The alternative policies listed above are only a sampling of the many important issues to be addressed by development economics. We know that achieving the MDGs and realizing rights are expensive and require political will and financial resources, and not all the resources will come from foreign aid. So the development model matters. Being aware of viable policy alternatives is important for MDG advocates because such policies can better enable states to generate the resources and finance the programs related to both achieving the MDGs and the realization of human rights. And at the global level, examples of global architecture reforms such as those mentioned can help to create a more stable and just global financial system that can lessen the frequency and severity of economic crises when they occur, and in so doing, save national economic resources for financing the realization of rights and achievement of the MDGs.

## *How development and human rights organizations can work together*

Both human rights and development advocates can work together and with other related constituencies to create a new development model. Because realizing rights and adopting a rights-based approach to economic development requires resources, more foreign aid is necessary but also needed is an alternative development model that promotes employment and more effectively builds the tax base if governments are to be able to finance their obligations.

Civil society advocates can and should demand that their national economic policies be scrutinized by international human rights standards. Currently many loan programs and trade and investment agreements do not express explicit concerns with human rights. Many important foreign aid actors, in particular, the Bretton Woods institutions, do not consider human rights to fall under their mandate, although the World Bank has recently taken some initiatives to understand the human rights linkages to its development work under the Nordic Trust Fund. In any case, it is not routinely considered if agreements and policies will obstruct the efforts of governments to meet their basic human rights obligations, but making such considerations is something that human rights and development advocates can undertake together, while working with others.

The international human rights framework, including workers' and women's rights, rights to education, food, health and housing, is a fundamental pillar of the UN system as set out in the Universal Declaration of Human Rights. These obligations have been spelled out more fully through a number of subsequent treaties, agreements, and mechanisms. Most governments that sign on to IMF and World Bank loans are also member states of the UN as well as signatories to these treaties, and are therefore required to respect, protect and fulfill human rights. When acting within inter-governmental forums, such as the United Nations, the World Bank, and the IMF, states must guarantee that their policies are consistent and conducive to the realization of human rights. But cooperation in the "realization of human rights" is frequently impaired when certain macroeconomic, trade, or other development policies are demanded by these donor actors.

In looking at IMF fiscal and monetary policy loan conditions, for example, Balakrishnan and Heintz (2010) point out that at least three human rights obligations are particularly pertinent to the macroeconomic policies of the IMF:

---Obligation of progressive realization and non-retrogression, which means that governments must move as expeditiously and effectively as possible to realize economic and social rights, and cannot take steps backward.

---Non-discrimination and equality, which means that governments have an immediate obligation for ensuring that deliberate, targeted measures are put into place to secure substantive economic equality of all and that all people have an equal opportunity to enjoy basic human rights, and

---Maximum available resources, which means that a government, even in the face of public revenue limitations, must use the maximum resources available to fulfill economic and social rights.

Although the IMF often claims that its policies are intended to restore economic stability, the costs of the IMF's particular conservative policy approach in human rights terms – including the right to an adequate standard of living, the right to education and health, and the right to life – have never been factored in. In terms of economic and social rights, the IMF's preferred policy choices have often been a disaster, in effect coercing the aid-dependent borrowing countries to violate their obligation of non-retrogression by cutting social services, such as education and healthcare. But citizens everywhere can bring forth cases in their courts in an attempt to challenge the constitutionality of such IMF policies. And the same could be done with World Bank loans or any of the bilateral or multilateral trade and investment treaties currently being negotiated.

Both human rights and development advocates can work together in many ways to support a more effective development model. Because citizen access to information is crucial for advocates, both human rights and development advocates can support groups working on improving access to information and transparency as well as groups engaged in public budget-tracking.

- **National Economic Policy Audits**

One way that advocates and others can raise awareness and open up lively public debates about a rights-based critique of their current development policies in their countries is to conduct what Balakrishnan and Elson (2008) have called "audits of national economic policies from a human rights perspective" with a particular focus on economic and social rights. In using such national "audits", CSO advocates can work together with human rights experts and progressive economists to audit key national economic polices as proposed in their IMF or World Bank loan programs or trade negotiations in light of their existing human rights obligations. With such an audit, CSO advocates can select their current fiscal, monetary, taxation and trade policies and test them against core obligations such as maximum available resources; non-discrimination and equality; transparency, accountability and participation; and progressive realization and non-retrogression. While such attention to human rights obligations does not provide the answers to all economic policy questions, it can help citizens to define the set of policies that are consistent with human rights obligations, and to rule out those policies which are not consistent (Balakrishnan and Elson 2008).

By convening such national economic policy audits, rights and development advocates can also bring together much larger advocacy sectors to open public debates and raise scrutiny of the current development model and awareness of more effective, just and equitable alternatives. Many other groups whose issues are linked to more equitable economic development policies could be mobilized, including existing domestic advocacy networks for tax justice issues which offer other important angles for helping citizens to increase the scrutiny and accountability of public finances; groups seeking to better regulate the reporting of royalties paid to foreign investors in developing countries involved in the extractive industries; groups advocating for increased transparency at public institutions and national freedom-of-information laws to be enacted; groups monitoring and advocating to influence government budget processes; pension fund watchers and groups opposing privatization of pension funds/social security campaigns; and human rights groups, particularly as many are now making links to economic and social rights.

Wider national dialogues designed to scrutinize economic policies from a rights-based perspective could also draw support from movements for better labor rights, popular mobilizations for HIV/AIDS treatment and other health services, those mobilizing for reconnections of water/electricity, land and housing occupations, food security campaigns, women's organizing, municipal budget campaigns, student and youth movements, community resistance to displacements caused by dam construction, mining and the like, anti-debt and reparations movements, environmental justice struggles, immigrants' rights campaigns, and others.

Rights and development advocates could use national policy audits to open public discussions on rights-based economic development with labor unions, line ministries, legislative committees, the domestic radio, print and television media, and domestic business associations (many of whom would be in favor of alternative policies such as lower interest rates on commercial loans, development banks, and greater trade protection).

Such audits will help citizens and civic institutions to better identify which international human rights agreements their country has already committed to and which national constitutional rights might be violated, compromised or contradicted by certain economic policies.

- **The Right to Development**

In critically assessing the ability of states to realize rights obligations under the current development model, rights and development advocates can also mobilize citizens around certain articles within the 1986 Declaration on The Right to Development (DRTD). The RTD is a relatively new addition to the international human rights framework that was first proclaimed by the Organization of African Unity (OAU) and included in 1981 in the African Charter on Human and Peoples’ Rights. In 1986, the UN Declaration on the Right to Development (DRTD) was adopted. The RTD was later reaffirmed in the 1993 Vienna and 2000 Millennium Declarations. Of particular interest for advocates are the following articles:

Article 2 (3) “States have the right and the duty to formulate appropriate national development policies that aim at the constant improvement of the well-being of the entire population and of all individuals, on the basis of their active, free and meaningful participation in development and in the fair distribution of the benefits resulting therefrom.” This could be used by advocates in all countries to pursue policies that will support the maximum use of available resources for the progressive realization of rights, non-retrogression and with non-discrimination and equity.

Article 4(1) “States have the duty to take steps, individually and collectively, to formulate international development policies with a view to facilitating the full realization of the right to development.” This could be used by advocates to pressure their states to take steps to take reforms at the international level.

Article 8 (1) “States should undertake, at the national level, all necessary measures for the realization of the right to development and shall ensure, inter alia, equality of opportunity for all in their access to basic resources, education, health services, food, housing, employment and the fair distribution of income. Effective measures should be undertaken to ensure that women have an active role in the development process. Appropriate economic and social reforms should be carried out with a view to eradicating all social injustices.”

Article 8 (2) “States should encourage popular participation in all spheres as an important factor in development and in the full realization of all human rights.” This can be used by advocates to convene national economic policy audits from a rights-based perspective.

- **MDG Review Summit follow up**

The first draft of a 14-page outcome document for the high level meeting was circulated on 31 May, and the Group of 77 and China were critical, saying that, “while the draft is inundated with references to measures that should be taken at the national level, it lacks focus on the critical need for international cooperation to spur the development process”.

In the negotiations leading up to the Review Summit, the issue of employment and decent work was contentious, as delegations sought to define the latter. Intellectual property rights (as these relate to MDGs 4, 5, 6 and 8) were also a subject of intense discussion, as were most of the terms and specifics relating to Global Economic Governance. The G77 sought to secure a reference to aid without conditionalities and which was tuned to national priorities; though the latter was supported by donor countries, the issue of conditionality, accountability, and mutual commitment were also a source of debate. The draft text also made reference to a positive conclusion to the WTO Doha Development Round, as well as to the Monterrey Consensus and the Accra Agenda for Action, though these references are not specific enough to guarantee commitments from donor countries.

In terms of MDG 7, the issue of whether energy should be included under the banner of sustainable development was also controversial because delegations agreed that there should be “diffusion of energy technologies”, but donor countries pushed for mention for triangular and South-South cooperation, rejecting mention of “technology transfer” as problematic. For advocates of sustainable economic development, getting new low-carbon technologies transferred into developing countries will be extremely important.

Thanks to persistent lobbying by human rights activists, the final outcome document is peppered with strong human rights language. However, it does not provide any specific mechanisms for holding governments to account for their progress on the MDGs nor their compliance with human rights obligations. Nevertheless, the outcome document can be used by advocates to press for greater accountability in the final stages of the MDG process, and to ensure human rights are at the centre of the framework of development commitments put in place beyond 2015.

- **Rio 2012**

Another opportunity for rights and development advocates to work together is the 20-year follow-up to the 1992 United Nations Conference on the Environment and Development (UNCED) held in Rio de Janeiro, which is scheduled for 2012 in Rio. The original proposal was to hold a UN conference on the environment, but developing countries insisted that environmental issues had to be considered in relation to development issues as well. Thus the term “sustainable development” was born, containing three pillars -- environmental, social and economic issues – that are interlinked. It was agreed that environmental problems are related to social and economic problems (especially poverty and under-development) that all three aspects have to be tackled together.

The Rio Declaration was important for its principle of “common but differentiated responsibilities” which established that all countries have the task of bringing about sustainable development but that the rich have a greater duty because of their greater previous use of the world's resources and their greater capacity. Thus, they have to assist developing countries, including through transfers of finance and technology, which is especially important for sustainable development in the context of climate change.

In April 2010, the UN Secretary-General's 30-page report titled “Progress to date and remaining gaps in the implementation of the outcomes of the major summits in the area of sustainable development and analysis of the themes for the Conference,” was released, which is a background paper for the first preparatory meeting. It called for reviving the Spirit of Rio 1992 but did not make any reference to the principle of "common but differentiated responsibilities" that underlies the Agenda 21, Rio Declaration and UN Framework Convention on Climate Change.

# Conclusion

This briefing has reviewed key lessons from the MDGs process to date, highlighting problems with the current development model on which the goals are based. This briefing reviews some of the major current challenges and longer-term opportunities for civil society organizations in advancing human rights through development processes and explores strategies for more concerted action across the human rights and development communities. The paper has reviewed a number of important alternative policy proposals both for a new development model as well as for a more stable and just global economy, and why advocates for the MDGs should support them. It also provides some suggestions for how both human rights and development advocates can work together and with other related constituencies to create a new development model to make lasting and nationally-led progress on the MDGs. The paper notes that this alternative model should see development not only as being merely about economic growth and poverty reduction, but about the adoption of sustainable policies that can allow poor countries to transform their industries and diversify their economies. Donor states and the multilateral community should make a more coherent effort to ensure that human rights considerations are taken into account in any commitments made on foreign aid, loan programs and trade agreements.

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