

SUSTAINABLE DEVELOPMENT FOR GLOBAL HUMAN SECURITY

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(Mahbub ul Haq)

It is a great privilege to be invited to give a keynote speech to such an influential forum. I am grateful to Jan Pronk for this honour and for his very gracious introduction. Let me tell you - if I can do so without embarrassing my host - that there is no one today who is admired more in international development circles than Jan Pronk. He has spoken out courageously and eloquently on the new dimensions of development challenges confronting all nations and he has always combined great wisdom with deep compassion in dealing with the development problems of poor nations. My own personal debt to him has been enormous. I have both learnt from him as well as been tremendously inspired by him.

I am glad that you are debating in this conference the emerging tension between sustainable development and employment. I would like to place this issue in a broader perspective and present to you the new imperatives of global human security and how new models of sustainable development, employment generation and development cooperation are absolutely indispensable to advance human security in the 21st century. My focus will naturally be more on the Third World but the implications of what I have to say are truly global.

I firmly believe that the world is entering a new era in which the very concept of security will change - and change dramatically. Security will be interpreted as :

- Security of people, not just territory.
- Security of individuals, not just of nations.
- Security through sustainable development, not through arms.
- Security of all the people everywhere - in their homes, in their jobs, in their streets, in their communities, in their environment.

Another perception will change as well. Human security will be regarded as universal, global and indivisible. The same speed that has brought many modern products and services to our doorsteps has brought much human misery to our backyards.

Every drug that quietly kills, every disease that silently travels, every form of pollution that roams the globe, every act of terrorism that destroys life senselessly - imagine for a moment that they all carried a national label of origin, much as traded goods do, and there will be a sudden shocked recognition that human security concerns are more global today than global trade.

A third perception will change - it will be recognized that poverty cannot be stopped at national borders. Poor people can be stopped. But not the tragic consequences of their poverty. Those consequences travel without a passport - and in unpleasant forms. Drugs, AIDS, pollution and terrorism stop at no national frontier today. They can strike

with devastating speed in any corner of the world. When people travel, they bring much dynamism and creativity with them. When only their poverty travels, it brings nothing but human misery.

One more perception will change - it will be recognized that it is easier, more humane and less costly to deal with the new issues of human security upstream rather than downstream. Did it make much sense to incur the staggering cost of \$ 240 billion in the past decade due to HIV/AIDS when even a fraction of that amount invested well in primary health care and family planning education could have prevented such a fast spread of this deadly disease? Is it a great tribute to international diplomacy to spend \$ 2 billion in a single year on soldiers to deliver humanitarian assistance in Somalia when such an amount invested much earlier in increased domestic food production might have averted the final human tragedy - not for one year but for a long time to come? Is it a reflection of human ingenuity that we are willing to spend hundreds of billions of dollars on drug prevention and rehabilitation, but not even a small part on creating alternative livelihoods in the poor nations that supply drugs?

We need today a new concept of human security - reflected in the lives of the people, not in the weapons of their countries.

Human security is not a concern with weapons. It is a concern with human dignity. In the last analysis, it is a child who did not die, a disease that did not spread, an ethnic tension that did not explode, a dissident who was not silenced, a human spirit that was not crushed.

A powerful, revolutionary idea, the emerging concept of human security forces a new morality on all of us through a perception of common threats to our very survival.

Human security is a concept emerging not from the learned writings of scholars but from the daily concerns of people - from the dread of a woman that she may be raped in a lonely street at night, from the anguish of parents over the spread of drugs among their children, from the choked existence of prosperous communities in increasingly polluted cities, from the fear of terrorism suddenly striking any life any-where without reason. A people's concept and a people's concern, human security is reflected in the shriveled faces of innocent children, in the anguished existence of the homeless, in the constant fear of the jobless, in the silent despair of those without hope.

From the emerging concept of human security flow many hopeful insights and policy prescriptions. Human security can also serve as the basis for a new human world order. This would require at least six determined steps.

A new concept of sustainable development

Step 1. Seek a new concept of sustainable development. There must be a search for models of development that enhance human life, not marginalize it; treat GNP growth as a means, not as an end; distribute income equitably, not concentrate it; replenish natural

resources for future generations, not destroy them; and encourage the grass-roots participation of people in the events and processes that shape their lives.

The issue is not growth *per se* but its character and distribution. Those who postulate a fundamental conflict between economic growth and sustainable human development do no service to the poor nations. To address poverty, economic growth is not an option - it is an imperative. But what type of growth? Who participates in it? And who derives the benefits? These are the real issues. To benefit the masses, growth's opportunities must be equitably distributed. And they must be sustainable from one generation to the next.

The heart of this concept is equity - within and between generations. But it is equity in opportunities, not necessarily in results. What people do with their opportunities is their concern - but they should not be denied an equal opportunity to develop their human capabilities. Such equity, however, requires many structural reforms: better distribution of productive assets (including land and credit), open access to market opportunities, a conducive policy environment for job creation and social safety nets for those bypassed by markets.

The emerging concern with sustainability takes this dialogue a step further. Development opportunities must be provided not only to present generations but to future generations as well. This does not mean protecting every form of natural capital or every resource or every species. If more efficient substitutes are available, they must be used. What must be protected is human life - for human beings are the most threatened species on earth. Economic growth or environmental protection are mere means. The real end is human welfare.

The ethical and philosophical foundation of the new development paradigm lies in acknowledging the universalism of life claims. No new born child should be denied development opportunities merely because that child happens to be born in the "wrong class" or in the "wrong country" or is of the "wrong sex". For people, the purpose of development must be to increase their options, to equalize their opportunities and to enable them to enter the market on an equal footing. That is the real essence of sustainable human development strategies.

Job-led growth

Step 2: Design new development strategies for job-led growth instead of jobless growth

One of the most critical links between economic growth and human development is the expansion of employment opportunities. This guarantees that people not only participate in the process of growth, but also benefit from it.

Economic growth normally expands job opportunities. But the process is not automatic. We have recently witnessed several periods of "jobless growth". And even when jobs have been created, they have often bypassed whole groups of society - including young people, the uneducated and the unskilled and particular ethnic groups.

Latin America provides a clear example of what can go wrong. During 1960-80, annual average economic growth in Brazil was 7.4%, in Mexico 6.8% and in Costa Rica 6.1%. But this robust growth was accompanied neither by an expansion of employment opportunities nor by a growth in real wages - indeed, in the 1980s the minimum wage fell by 25%. Much of the growth was concentrated in low-productivity activities in agriculture and the service sector. And what growth did take place in the industrial sector was in import-substitution industries, which tended to be capital-intensive and offered relatively few new jobs. Overall, average annual output per worker grew by only 0.5%.

The Latin American experience is in stark contrast to that in East Asia. Here, fast growth over the same period was based on labour-intensive industrialization that led to near-full employment. It also caused average output per worker in the newly industrializing economies to grow by nearly 4% annually. This in turn led to a sharp rise in real wages - in Taiwan (province of China) they were rising by 7.5% a year. These higher wages then spread from manufacturing to the rest of the economy, expanding domestic demand and further fueling growth.

The industrial countries have also had a diverse and sometimes depressing employment experience. In general, they have suffered from a steady decline in annual per capital growth : during 1965-73 it was 3.7%, during 1973-80 it dropped to 2.3%, and by 1980-93 it was down to 2.1%. Different countries responded to this slowdown in different ways.

The first response was to maintain employment by adding new, low-wage, low-productivity jobs. This helped keep many people at work, holding unemployment down to around 6%, but it also created large numbers of the "working poor".

The second response was to offset the shortfall in private sector employment by creating new jobs in the public sector. This also reduces unemployment, but often at the price of depleting public finances and building up inflationary pressures. In Sweden, for example, this strategy eventually proved unsustainable, and as a result of efforts to balance the budget in 1990-93, open unemployment increased from 1.6% to 8.2%.

The third response was to concentrate on those lucky enough to retain their jobs, and to leave them with their incomes and working conditions protected. The rest survive as a pool of unemployed - maintained through a costly system of unemployment benefits and welfare. Total unemployment rates in their countries can be remarkably high. Even more disturbing, however, is that this unemployment is concentrated among certain groups, particularly the young : youth unemployment is 20% in France and 25% in Ireland and Italy.

From the experience of high employment economies, it is possible to draw some policy conclusions :

First, a political commitment to full employment - The countries achieving the greatest success in employment have generally been those that deliberately set out to do so. Rather than assuming that employment would materialize automatically, they have publicly identified it as a central policy objective.

Second, investment in people - High-employment economies have generally also invested heavily in the development of human capabilities - particularly education and health. They have also constantly upgraded technical skills to enable workers to adapt to rapidly changing international conditions.

Third, access to credit - Many countries have increased opportunities for employment - and particularly self-employment - by extending access to credit. There are many encouraging examples among small farmers, microenterprises, and poor and marginalized communities.

Fourth, research and development - Another component of successful employment strategies has been intensive investment in research and development (R&D) on labour-intensive technology, including how to adapt imported capital-intensive technologies to fit local needs. This is particularly true in Japan and East Asia.

A new phase of disarmament

Step 3. Move from arms security to human security and use the emerging peace dividend to finance the lengthening social agenda of humankind. The cold war is not over yet. The job is only half done. We have phased out the cold war in East-West relations. But we have forgotten to phase it out in the Third World. No leader from the Third World participated in the disarmament talks at Geneva: it was entirely an East-West affair.

Isn't it time to ask the leaders of the Third World :

- Why do they insist on spending two or three times as much on arms as on the education and health of their people?
- Why do they have 20 times more soldiers than doctors?
- How can they find the resources for air-conditioned jeeps for their military generals when they lack even windowless schoolrooms for their children?

And isn't it time to ask the leaders of the rich nations to stop the continuing arithmetic of death and destruction in the Third World - where 22 million have died in more than 120 conflicts during the so called "peaceful transition" since the Second World War? Should they not fix a concrete timetable - say, the next three years - to :

- Close all foreign military bases in developing countries?
- Convert all existing military aid into economic aid?

- Stop the arms shipments of more than \$ 35 billion a year that make huge profits from the poverty of hapless nations?
- Eliminate subsidies to arms exporters and retrain their workers for jobs in civilian industries?

The next challenge is to curtail the huge arms spending of \$ 130 billion a year in the poor nations and to invest this money instead in the welfare of their people. The big powers that launched the cold war have a moral obligation to defuse global tensions, to build new alliances for peace and to help developing countries make a smooth transition from arms security to human security.

Nor should we give up on the peace dividend. Global military expenditures have begun to decline for the first time in our lifetime. Between 1987 and 1995, they fell by enough to yield a cumulative peace dividend of nearly \$ 1,000 billion. Where has this peace dividend gone? Why is it not available for the neglected social agenda held over from the days when societies were accumulating arms and their people were praying that the arms race would stop? This is the question we must all ask.

In the rich nations, the preoccupation is with balancing budgets. But does it take a genius to discover how to balance financial budgets without unbalancing human lives? Why should rich societies find it impossible to provide resources for their unvaccinated children, for their homeless or for their decaying cities in an era of such rapidly falling military expenditures?

In the poor nations, unfortunately, the decline in military spending is still slow and hesitant. In fact, military expenditures are still going up in two of the poorest regions of the world - Sub-Saharan Africa and South Asia. Obviously, the poverty of their people is no barrier to the affluence of their armies. Even a freeze on current military spending in the Third World would realize sufficient resources to take care of its essential human agenda.

Look at Sub-Saharan Africa. Its ratio of military spending to GNP increased from 0.7% in 1960 to 3.5% in 1990 - a fivefold increase at a time that some African countries were cutting social spending in the name of structural adjustment.

And look at South Asia: an expenditure of \$ 20 billion a year on defence by India and Pakistan when they contain the largest number of the world's poorest people. During 1988-92, India and Pakistan imported twice as many arms as Saudi Arabia, which is 25 times richer.

It is time for one final push, to ensure that arms security is replaced by human security - particularly in the poor lands, where every new jet fighter costs one million additional children in school.

A new framework of development cooperation

Step 4. Form a new partnership between the North and the South. This partnership would be based on justice, not charity; on an equitable sharing of global market opportunities, not aid; on two-way compacts, not one-way transfers; on mutual cooperation, not unilateral conditionality or confrontation.

Foreign aid has often dominated North-South relations since the Second World War, even though this aid was often marginal and mis-directed. Consider one sobering comparison: rich nations channel an average of 15% of their GNP to their own 100 million poor - those below a poverty line of around \$ 5,000 a year. But they earmark only 0.3% of their GNP for poor nations, which contain 1.3 billion poor people with incomes of less than \$ 300 a year. What a telling contrast between national and international social safety nets! And yet a public perception persists in the rich nations that their aid money could be better employed at home. The rich nations may not recognize that even if all their aid stopped today, their domestic social safety nets would only increase from 15% of GNP to 15.3% - perhaps not the most handsome bargain in history. Incidentally, let me pay a rich tribute to the Netherlands and to Jan Pronk who have often sailed against the prevailing global winds and maintained their support for poor nations.

Globally, however, it is not just the marginal role of aid that matters. Its distribution also leaves much to be desired. Aid today carries all the scars of the cold war era. It was often given to strategic allies rather than to poor nations. Consider aid's link to the oft-repeated objective of eliminating global poverty. Only one-third of ODA is earmarked for the ten countries containing two-thirds of the world's absolute poor. Twice as much ODA per capita goes to the wealthiest 40% in the developing world as to the poorest 40%. Egypt receives \$ 280 a year per poor person, India receives only \$7. And less than 7% of bilateral ODA is directed towards human priority concerns - primary health care, basic education, safe drinking water, nutrition programmes and family planning services.

Consider yet another dimension of aid: most was directed towards strategic allies in the cold war, to authoritarian regimes, to high military spenders. Even today, two and a half times as much per capita ODA goes to high military spenders as to low military spenders, with strategic allies getting preference over poor nations. For example, El Salvador receives 16 times as much ODA per poor person from the United States as does Bangladesh, even though Bangladesh is five times poorer.

A final irony: while aid transfers so few resources to the developing world, the denial of global market opportunities through trade protection, immigration barriers and an increasing debt burden takes away several times more. According to Human Development Report 1992, such global losses are about ten times the aid that poor nations receive.

What is crucial for poor nations is equitable access to global market opportunities, not charity. What we must battle for today is the removal of trade barriers, particularly for

textiles and agriculture, which would yield at least \$100 billion a year in additional exports for the developing world. What we must insist on today is a compensation package from rich nations for imposing immigration controls, since free labour flows were supposed to be an essential component of a liberal international economic system that would equalize global opportunities. What we must negotiate today is a market in global environmental resources that would oblige the rich nations to pay their due share for their overuse of the common heritage. They could end up paying as much as 5% of their GNP, according to some recent studies on tradable environmental permits. This is not aid. This is not charity. This is merely taking the logic of the market-place back to the rich nations.

For too long, we have missed the real essence of a new system of development cooperation between rich and poor nations. When the Third World should have sought participation in markets, they sought exemption from these market rules. When we should have constructed a comprehensive design for relations between the North and the South - including all flows of trade, labour, investment and technology - we got hopelessly stuck on the 0.7% aid target. When we should have sought fair rules for international competition, we kept counting our diminishing aid dollars.

It is time to advance from a charitable aid relationship to a more respectable development relationship. It is time to build a new design for development cooperation between the North and the South, one that enables the poor nations to gain more equitable access to global market opportunities. It is also time to create a new mechanism to facilitate compensation for damages when one country inflicts economic injury on another. Compensation can be thought of as fines payable by countries that depart from internationally agreed rules of good conduct. Some examples of conduct leading to economic injury: encouraging the brain drain from poor nations, restricting the migration of low-skilled labour and restricting exports from poor countries. These compensations would be voluntary in a sense because they could be avoided by refraining from engaging in objectionable behaviour.

Aid will have only a marginal role in this new design of development cooperation - as a global social safety net for the very poorest nations and, hopefully, as a more predictable and obligatory commitment by the rich nations. Aid is needed to address some of the darkest aspects of poverty but it must be far better targeted than in the past.

We need, therefore, a design of development cooperation much broader than just aid - a design that draws new strength from domestic reforms in the South, that recognizes that real human security in the North will ultimately depend on an investment in reducing global poverty, that secures equitable access to global market opportunities for all people all over the globe.

A new framework of global governance

Step 5. Fashion a new framework of global governance. In the search for a human world order, global markets or automatic mechanisms cannot achieve justice for all nations or all people. Global institutions are needed to set rules, to monitor "global goods" and "global

bad”, to redress widening disparities. Paradoxically, these global institutions are weakening just as global interdependence is increasing. All global institutions desperately need both strengthening and reform.

Take, for example, the Bretton Woods institutions. What should worry us today is not their seeming arrogance but their growing irrelevance. They are no longer institutions of global governance. They are institutions to police economic management only in the developing world.

- The writ of the IMF runs only in developing countries, responsible for a mere 10% of global liquidity. The G-7, not the IMF, influences the global monetary system today. The rich nations hold their collective breath for the pronouncements of Alan Greenspan, not those of Michel Camdessus.
- The World Bank has a limited role in recycling global surpluses. It collects more in debt repayments each year than it lends to the developing world. Private capital markets recycle resources - but three-fourths of those resources go to about ten better-off developing countries, in East Asia and Latin America. The other countries wait for World Bank interventions that never materialize on the scale originally envisaged.
- The GATT’s jurisdiction was excluded until recently from most of the important items of international trade: textiles, tropical products, agricultural commodities, services, labour and investment flows. Let us hope that the World Trade Organisation has greater clout.
- The United Nations has never become the pillar of human development that it was intended to be. Most donors preferred the one-dollar, one-vote governance of the Bretton Woods institutions to the one-country, one-vote governance of the United Nations. So, UN development programmes never got the support they deserved. Limited finance led to diminished efficiency, and diminished efficiency became the justification for even more limited finance.

What are our real options today? Bashing international institutions is tempting. But it is self-defeating when global governance is already so weak.

Instead, we must form alliances for change within these institutions and with their governance. The goal should be reform, not demolition. We must convince these institutions to focus more on sustainable human development strategies, to formulate adjustment programmes that place much greater burdens on the rich than on the poor and that balance budgets without unbalancing the lives of the people, and to evolve governance patterns that give a much greater voice to the poor nations.

All sorts of scenarios can be drawn up for the global economic and financial institutions of the 21st century - but one thing is certain. As distances shrink and we

become a global village, we are likely to witness an evolution at the global level similar to the evolution that we have already seen at the national level in the past century. That is why we should start giving serious thought to possible structures for a world central bank, a global taxation system, a world trading organization, an international investment trust and even a world treasury. Some of us may not live to see all these global developments, but our grandchildren surely will. So, let us at least begin with the rough architecture.

Whatever the shape of this new architecture, it is becoming essential to set up an Economic Security Council in the United Nations as the highest decision-making forum for dealing with threats to global human security and for agreeing on the actions to take to address these threats. Such a council must deal with all issues confronting humanity - from food security to environmental security, from global poverty to jobless growth, from international migration to drug trafficking. Its membership should be kept small and manageable, but it should represent all world constituencies and carry no country veto. It should oversee the policy directions of all international and regional institutions. And it should be served by the ablest professional staff, formulating enlightened policy options on the economic and social dilemmas facing humankind. Indeed, it is impossible to think of democratic global governance for the 21st century without such an Economic Security Council, in one form or another.

A global civil society

Step 6. Move towards a global civil society. Future changes will not depend exclusively on governments. Instead, they will come primarily from the actions of people at the grass roots - people who will hold their leaders increasingly accountable for all their actions.

The forces of democratic change have swept the world in the past decade. In one country after another, people are standing up to their authoritarian regimes and bending them to the popular will. The nation-state is under much pressure today. The age of the people may finally have arrived.

This new momentum for change carries both dangers and opportunities. There are dangers of anarchy and social disintegration if people are denied their legitimate economic and political rights. But there is also a unique opportunity to building a new global civilization at this hinge of history.

In poor nations, a realistic process of change has already begun. These nations are opening their economies, carrying out painful structural adjustments and passing through a rapid phase of democratic change. Seeking justice, not charity, they no longer blame the North for all their troubles. They are beginning to recognize that the real battle of poverty will be fought and won in the South.

Unfortunately, at a time of such profound change in human affairs, the North is becoming somewhat passive, cautious, conservative and almost reactionary - fearing that it may lose some of its privileges.

- While the poor nations are beginning to open up their economies, the rich nations are beginning to close theirs.
- While the poor nations are undergoing structural adjustment at very low levels of income, the rich nations are resisting any adjustment in their life styles.
- While the rich nations preach democracy to the poor nations, they resist democracy in international institutions and in global governance.
- While the rich nations rightly condemn corruption in poor lands, they fail to discipline their own multinationals that offer bribes or their banks that gladly accept corrupt money and for a handsome profit.
- While the rich nations have started advocating reduced military spending to developing nations, they have quietly turned around and increased subsidies to their own arms exporters.

A new partnership between North and South will demand a new ethics of mutual responsibility and mutual respect. The North does not realize yet that, through its constant advocacy, it may have unleashed forces of change that will transform not only other nations but also its own life styles. Democracy is rarely so obliging as to stop at national borders. Its vast sweep will change global governance in the 21st century. The real choice is to accept the evolution of such a global civil society and speed its arrival - or to resist it in the name of old-fashioned power balances and plunge the world into utter confusion.

These six steps can build a new edifice of global human security and lead towards a new human world order. The cornerstones for such a new order are job-led growth, sustainable human development, equality of opportunities, and a new framework of global governance. I am confident that the Netherlands will be in the forefront of such a movement for change. And I am sure that Jan Pronk will continue to lead this movement with courageous and innovative ideas. As my intellectual mentor Barbara Ward used to remind us : "Ideas are the prime movers of history. Revolutions usually begin with new ideas".

Let us together generate those ideas which can change the world. For human destiny is a choice, not a chance.