

Making It

Industry for Development

3rd quarter 2011

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- Indonesia: Cleaning up the river
- Solar Sister
- Mark Malloch Brown
- Bangladesh



Governing a globalized world



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- Hot Topic: Is it possible to have prosperity without growth? Is 'green growth' really possible?



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- Hot Topic: Does energy efficiency lead to increased energy consumption?

A quarterly magazine. Stimulating, critical and constructive. A forum for discussion and exchange about the intersection of industry and development.

Editorial

Never has the world been more interdependent, never has it been more shaped by technological, economic and social progress – and never has it been more vulnerable to economic and environmental shocks and political failure. Our global economic, social and political systems have been under great pressure for a while, and the future appears uncertain. As the financial crisis evolved from a credit crunch affecting mortgages in certain developed countries to a worldwide calamity encompassing financial, manufacturing and service activities, we have taken a turn towards a situation of even greater global fragility and risk.

Popular perceptions of globalization are getting more and more polarized between those who see it as a source of freedom and new opportunities, and those who associate it with rising inequality and injustice.

We clearly live in a multi-polar world. It is no longer possible to isolate the complex risks and fragilities that we face, nor is it possible to find national solutions to global challenges. They require a diversified and multi-polar response.

As we stand at a crossroads of global policy and governance, this issue of *Making It: Industry for Development* offers a selection of some of the best contributions to the growing debate. These include the keynote article by Professor Dani Rodrik, in which he embarks on a fascinating journey into the

globalization paradox, and a candid interview with former UN Deputy Secretary-General, Mark Malloch Brown, in which he gives his views on how to stay “one step ahead of failure” during “a century of continuous change and likely drastic upheaval”.

Aside from articles addressing the main theme, there are also discursive contributions that question mainstream economists’ approaches, debate the pros and cons of nuclear power, and look at the economic progress of Bangladesh.



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GLOBAL FORUM

The Global Forum section of *Making It* is a space for interaction and discussion, and we welcome reactions and responses from readers about any of the issues raised in the magazine. Letters for publication in *Making It* should be marked 'For publication', and sent either by email to: editor@makingitmagazine.net or by post to: The Editor, *Making It*, Room D2142, UNIDO, PO Box 300, 1400 Wien, Austria. (Letters/emails may be edited for reasons of space).

LETTERS

On energy efficiency

While I commend Ms. Moscoso-Osterkorn on her effective defence of energy efficiency (*Making It*, issue 6), I have to note that the original claims by Jenkins and Saunders (Hot Topic) still remain, at least from my point of view. Their focus was on the climate change effects of energy efficiency – no doubt that they would also agree that there are other economic and social benefits to implementing energy efficiency.

Their "rebound effect" theory also focused on the developing nations and their thirst for development and more energy. The reply gave excellent counter-examples but mainly from the US and Japan. Where developing nations were mentioned, the examples are skewed – for example, how many Ghanaians will continue purchasing and using compact fluorescent lights (CFLs), once the original supply needs replacement? And if Thailand really saved 1,725 MW of peak power (or is that 1.725 MW?), did this offset the need for new electricity generation or did this just shift consumption to other uses as the rebound effect claims?

Don't get me wrong – I agree with Moscoso-Osterkorn's wider claims on energy

efficiency and am a big proponent of the same – I am just wondering if her response missed the point in this case.

● Peter Bartlett, website comment

I fully agree with Mr Bartlett's sentiment, but I believe that the impact of the rebound effect is fundamentally different between developed and developing countries. There is no doubt that the rebound effect exists and that it can affect climate change in a negative way. In countries where energy access is not an issue – like developed countries – rebound can indeed lead to increase in use and carbon emissions. In developing countries, energy efficiency will not only facilitate energy access for the poor, it will also act as an alternative to fossil fuel energy production. If a farmer saves energy by using an efficient bulb, he can light his second bulb with the energy he is saving instead of starting up his diesel generator or burning more wood.

Positive examples from Japan and California highlight that policy intervention and public support can change consumer patterns, and these success stories should serve as guidelines for others. In Ghana, nobody can force people to buy compact fluorescent lights (CFLs) once they need replacement. But the huge market created through this governmental programme,

lowers the price of CFLs which makes them affordable to everybody.

● Marianne Moscoso-Osterkorn, REEEP, Vienna, Austria

Women and the Arab Spring

Re: "An Arab Spring for women?" (*Making It*, issue 6), meanwhile, in Lebanon, a new cabinet has been formed. It is composed of 35 men, and not a single solitary woman.

● MM, website comment

MM, you shouldn't expect change to come from the top. It never has and it never will. It is only by organizing at the grassroots that women (and men) will be able to force through progressive change.

● Charlene, website comment

Lebanon is a democracy. The majority of voters voted for the government. If the elected representatives endorse a cabinet that does not include any women, that is democracy in action. Presumably Lebanese women (and men) voted for the members of parliament who endorse the new cabinet...

● Knox, website comment

Indeed, there is a strong global and MENA backlash in relation to women's position and women's rights which is taking various forms and shapes. Turkey has just



© Chappatte in "Le Temps"

dismantled the Ministry for Women and replaced it with a Ministry for Family Affairs. This is an indication of a growing conservative view of women's role being in the family rather than them being independent citizens endowed with rights.

It would be wise to rethink the common definition of democracy. It is widely held that free elections are the cornerstone of democracy. It is time to challenge this idea. While free elections are a must, they do not necessarily lead to inclusion, full participation, non-discrimination and equality...

● Lina Abou-Habib, website comment

It seems it would also be wise to rethink the common (media) definition of revolution. Some commentators would have you believe that what has been happening in several countries in the Arab world are revolutions, but, as women are finding out, nothing very much has really changed, and there certainly has not been a process of one class taking power from another....

● Red, website comment



For further discussion of the issues raised in *Making It*, please visit the magazine website at www.makingitmagazine.net and the social networking Facebook site. Readers are encouraged to surf on over to these sites to join in the online discussion and debate about industry for development.



Rice power

I think this article (A revolution in electricity, *Making It*, issue 6) is interesting as it illustrates a real possibility in places that produce high volumes of rice. It's also a nice read because it shows the power, literally, of entrepreneurs in developing countries.

From a people side, it makes you wonder how many entrepreneurs in developing countries already have the know-how to produce alternative and renewable energy processes to provide their own villages with electricity, such as this featured company.

Another thing the article raises is a concern about rice production, and therefore about availability of bio resources to

gasify and therefore to create energy with. I could see this method working well where mass quantities of rice are grown – namely in India and other Southeast Asian countries – but the video produced by the company's founder seems to hint at their desired to expand to a global market, and this just doesn't seem feasible where rice husks aren't readily available in such large quantities.

Can this method be extended to other organic byproducts, or is it limited to rice husks? And, are there many more entrepreneurs out there in developing countries who have other ideas for energy resources and production?

● Sara Patalone, website comment

Breast is best

Interesting to see *Nestlé* getting space in your magazine, "Creating Shared Value for society and shareholders" (issue 6, *Making It*). This is the company that, according to nutrition campaign groups and UNICEF, the UN Children's Fund, violates a global code on the marketing of breast-milk substitutes.

The International Baby Food Action Network, which links 200 groups in 100 countries, backs a boycott of *Nestlé* products because, it says, the company skirts restrictions on promoting infant formula contained in the World Health Organization-endorsed International Code of Marketing of Breast-milk Substitutes.

In developing nations, the use of infant formula increases the odds of an infant contracting food-borne illness, and increases infant mortality rates. UNICEF estimates that a formula-fed child, living in unhygienic conditions, is between six and 25 times more likely to die of diarrhoea, and four times more likely to die of pneumonia, than a breastfed child.

But *Nestlé* continues to promote its new formula products, calling them a "comprehensive nutrition system." As someone has already remarked, the real comprehensive nutrition system is a pair of lactating breasts.

● Mary Gland, by email



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Democracy Now's Amy Goodman speaks with the acclaimed Chilean economist, **Manfred Max-Neef**

The barefoot economist

Could you explain 'barefoot economics'?

Well, it's a metaphor, but a metaphor that originated in a concrete experience. I worked for about ten years of my life in areas of extreme poverty in the *sierras*, in the jungle, in urban areas, in different parts of Latin America. At the beginning of that period, one day I was in an indigenous village in the *sierra* in Peru. It was an ugly day. It had been raining all the time, and I was standing in the slum. And, across from me, another guy was also standing in the mud. Well, we looked at each other, and this was a short guy, thin, hungry, jobless, five kids, a wife, and a grandmother, and I was the fine economist from Berkeley, teaching in Berkeley, and so on. And we

were looking at each other, and then suddenly I realized that I had nothing coherent to say to that man in those circumstances, that my whole language as an economist was absolutely useless. Should I tell him that he should be happy because the GDP had grown five percent or something? Everything was absurd.

I discovered that I had no language in that environment, and that we had to invent a new language. And that's the origin of the metaphor of barefoot economics, which is the economics that an economist who dares to step into the mud must practice. The point is that economists study and analyze poverty in their nice offices, have all the statistics, make all the

models, and are convinced that they know everything that you can know about poverty, but they don't understand poverty. That's the big problem, and that's why poverty is still there. And that changed my life as an economist completely. I invented a language that is coherent with those situations and conditions.

And what is that language?

The thing is much deeper. I mean, it's not like a recipe with 15 lessons or 'satisfaction guaranteed or your money back'. That's not the point. The point is much deeper. Let me put it this way. We have reached a point in our evolution where we know a lot. We know a hell of a lot, but we understand very little. Never in human history has there been such an accumulation of knowledge like in the last 100 years. But look how we are. What was that knowledge for? What did we do with it? The point is that knowledge alone is not enough. We lack understanding.

The difference between knowledge and understanding? I can give an example. Let us assume that you have studied everything that you can study, from a theological, sociological, anthropological, biological, and even biochemical point of view, about a human phenomenon called love. The result is that you will know everything that you can know about love,

Photo: Poster Boy



MANFRED MAX-NEEF is a Chilean economist and founder of the Centro de Estudio y Promoción de Asuntos Urbanos (CEPAUR). In 1981 he wrote the book for which he is best known, *From the Outside Looking in: Experiences in Barefoot Economics*, which describes his experiences practising economics among the poor in South America. In 1983, Max-Neef won the Right Livelihood Award for his work in poverty-stricken areas of developing countries. In 1993, he was appointed rector of the Universidad Austral de Chile in Valdivia. His latest book, *Economics Unmasked: From Power and Greed to Compassion and the Common Good* was published in 2011.

but sooner or later you will realize that you will never understand love unless you fall in love. What does that mean? That you can only attempt to understand that of which you become a part. If we fall in love, as the Latin song says, we are much more than two. When you belong, you understand. When you're separated, you can accumulate knowledge. And that's been the function of science. Science is divided into parts but understanding is holistic.

And that happens with poverty. I understood poverty because I was there. I lived with them, I ate with them, I slept with them, and so on. And then you begin to learn that in that environment there are different values, different principles compared to those from where you are coming, and that you can learn an enormous amount of fantastic things among poverty. What I have learned from the poor is much more than I learned in the universities. But very few people have that experience, you see? They look at it from the outside, instead of living it from the inside.

The first thing you learn is that in poverty there is an enormous creativity. If you want to survive, you cannot be an idiot. Every minute you have to be thinking, "what next?" What do I know? What trick can I do here? What's this and that, that, and that? Your creativity is constant. In addition, this is combined with networks of cooperation, mutual aid, and all sorts of extraordinary things which you'll no longer find in our dominant society, which is individualistic, greedy, and egoistical. It's just the opposite of what you find there. And it's sometimes so shocking that you may find people much happier in poverty than what you would find in your own environment, which also means that poverty is not just a question of money. It's a much more complex thing.

So, to avoid another catastrophe, collision, if you were in charge, what would you say has to happen?

For me, the problem begins in the university. The university today has become an accomplice of maintaining a world which we don't want, because if you don't teach something different to the economists, well, how the hell are you going to change it when they are professionals? It's impossible. When I started economics in the early 1950s, it was totally different. We had some fundamental courses like economic history and history of economic thought. Those courses don't exist in the curricula anymore. You don't have to know the history. It's not necessary. It's not necessary that you know what previous economists ever thought. That's not necessary. You don't need it. I mean, that's stupid arrogance. No, now we know for sure this is it forever, you know? Then it ceases to be a discipline, it ceases to be a science, and it becomes a religion. And that is what economics, neo-liberal economics, is today.

So, first of all, we need cultured economists again, who know the history, where they come from, how the ideas originated, who did what, and so on and so on. Second, we need an economics now that understands itself very clearly as a subsystem of a larger system that is finite,

“Economists study and analyze poverty in their nice offices, have all the statistics, make all the models, and are convinced that they know everything that you can know about poverty, but they don't understand poverty.”

the biosphere. Hence economic growth is an impossibility. And third, a system that understands that it cannot function without the seriousness of ecosystems. And economists know nothing about ecosystems. They don't know anything about thermodynamics, anything about biodiversity. They are totally ignorant in that respect. And I don't see what harm it would do to an economist to know that if the beasts would disappear, he would disappear as well, because there wouldn't be food anymore. But he doesn't know that we depend absolutely on nature. For these economists, nature is a subsystem of the economy. It's absolutely crazy.

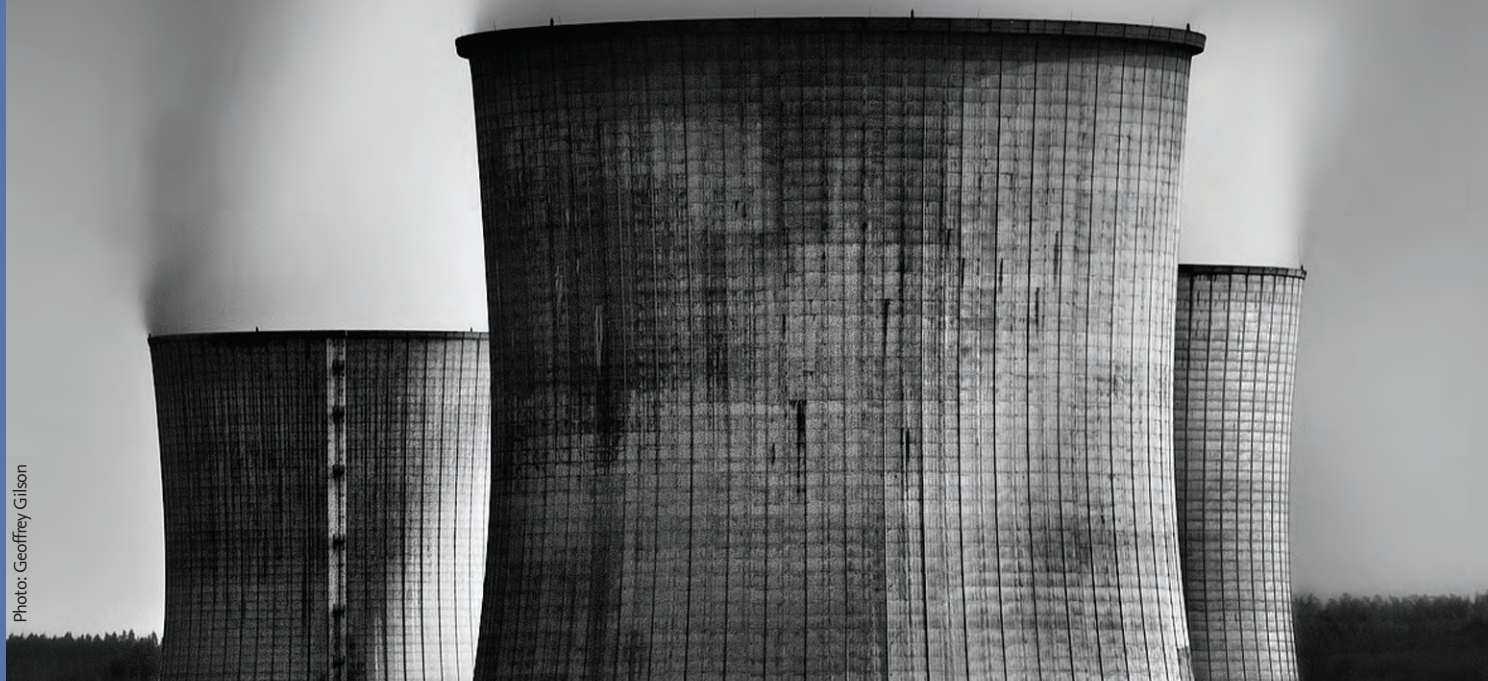
In addition, we must bring consumption closer to production. I live in the south of Chile, in the 'deep south', and that area is a fantastic area for milk products. A few months ago, I was in a hotel, and there in the south, for breakfast, I was given a little packet of butter. I get one, and it is butter from New Zealand! I mean, if that isn't crazy! And why? It's because economists don't know how to calculate real costs. To bring butter 20,000 kilometres to a place where they make the best butter, arguing that it is cheaper, is a colossal stupidity. They don't take into consideration the impact of 20,000 kilometres of transport. What is the impact on the environment of that transportation, and all those things? In addition, it's cheaper because it's subsidized. So, it's clearly a case in which prices never tell the truth. It's all tricks, and those tricks do colossal harm. If you bring consumption closer to production, you will eat better, and you will have better food. You will know where it comes from. You may even know the person who produces it. You humanize this thing. But the way the economists practice today is totally dehumanized.

● This is edited version of an interview that first appeared on *Democracy Now* – www.democracynow.org

HOT TOPIC

Is nuclear power necessary for a carbon-free future?

Photo: Geoffrey Gilson



The recent devastating earthquake and tsunami in Japan have confirmed the worst fears of nuclear power critics. Governments everywhere are re-evaluating their nuclear plans, but are fears of nukes misplaced? CHRIS GOODALL and JOSÉ ETCHEVERRY are both environmentalists – but stand divided on the nuclear debate.

Goodall – I am looking at a website that tells me how much electricity is coming from various sources around Britain. After a decade of financial incentives, wind turbines are currently producing about two per cent of our electricity. Excluding a small amount of hydro, all our electricity is coming from fossil fuels and nuclear. Britain's 10 nuclear power stations are now producing 10 times as much energy as comes from 3,000 turbines.

I would love it if we powered our entire economy from renewables but I see no political will to achieve this aim. We would need to invest billions now in renewable technologies. Without nuclear, reducing carbon emissions at high speed is impossible. We might end up keeping old coal power stations open for the next 30 years.

People say that we simply need to work harder to persuade a largely indifferent public to accept huge numbers of turbines and to invest billions in other renewable technologies. Such idealism is irresponsible: if we truly believe that climate change is the greatest threat the world has ever faced, we cannot risk failing to achieve the growth in low-carbon energy sources. However much we may regret this, nuclear is the only technology capable of delivering large amounts of power within the next decade.

“If we truly believe that climate change is the greatest threat the world has ever faced, we cannot risk failing to achieve the growth in low-carbon energy sources. Nuclear is the only technology capable of delivering large amounts of power within the next decade.”

CHRIS GOODALL is a British businessman and green activist. He is the author of *How to Live a Low-Carbon Life*, and *Ten Technologies to Fix Energy and Climate*. Dr. JOSÉ ETCHEVERRY is Assistant Professor at York University, Toronto, Canada, and is chairperson of the World Council for Renewable Energy.

We in the environmental movement have failed to get the United Kingdom (UK) to invest in renewables, and we now have no alternative but to welcome nuclear power.

Etcheverry – Nuclear plants need to be phased out because they are dangerous, toxic, and impede the adoption of the three key options needed to build a carbon-free energy future: conservation, efficiency, and renewable energy. Conservation and efficiency (i.e. doing more with less) represent two of the three most profitable opportunities to create new jobs and address climate change. To visualize the potential: Canada and the US use electricity at embarrassingly greater per capita rates than leading industrialized nations like Denmark and Germany.

Those two nations have not only minimized the way their citizens use power, they're also constantly innovating efficient design and they've become world leaders in the development of renewable energy sources.

Their success is based on developing pragmatic renewable-energy policies, such as feed-in tariffs, which quickly enable entrepreneurs to innovate in vibrant markets that guarantee easy interconnection, fair long-term prices for all types of renewable energy, and investment stability.

Germany's renewable-energy policies in the last 10 years have become the most important climate mitigation strategy in Europe, and are a strong engine of industrial innovation and employment creation.

Germans and Danes have understood that nuclear plants cannot complement renewable energy sources, as they cannot be turned on or off easily. Furthermore, they also understand that building nukes forces you to sell vast amounts of electricity, which acts as a clear



HOT TOPIC

► contradiction to efforts at conservation and efficiency.

These lessons are starting to be understood by 148 other nations that have formed the International Renewable Energy Agency (IRENA) to develop rapidly a new paradigm of energy security and climate protection.

Goodall – Almost all of us welcome the rapid growth in renewables but even in Germany only 17% of electricity comes from these sources. The key question is whether renewables have any prospect of growing fast enough to replace fossil fuel sources completely. In the UK and almost everywhere else, I don't think anybody pretends that low-carbon sources are increasing at anywhere close to a fast enough rate. That is why nuclear is vital – not because we don't want renewables.

The second illusion is to believe that energy efficiency measures can significantly reduce demand for electricity. All independent sources predict a rise in electricity use because of home heating and the need to switch to electric vehicles. Conservation efforts are barely denting the demand for power. Environmentalists can bemoan the lack of interest in efficiency, but we need to deal with the world as it is, not how we want it to be. We may not like today's consumerist, high-energy use lifestyles, but we cannot change the world's priorities overnight. Nuclear power is necessary to meet people's demands for electricity.

Etcheverry – I'd like to set the record straight on nukes:

- Nukes are toxic and pose great dangers to present and future generations

“Nuclear plants need to be phased out because they are dangerous, toxic, and impede the adoption of the three key options needed to build a carbon-free energy future: conservation, efficiency, and renewable energy.”

(Fukushima is now a level 7 catastrophe, the same as Chernobyl).

- Nukes take at least a decade to build and are highly context-dependent design projects (i.e. a nuke design from Canada cannot be cut and pasted in seismically active places without major design modifications, which by definition involve higher costs, longer timelines, and trial/error experimentation).

- Nukes are not cheap, and uranium is a finite, non-renewable toxic mineral.

- Nukes can easily be diverted for atomic weapons – one reason the technology has 'strong' fans.

Renewable sources on the other hand:

- Are much safer, have vastly smaller ecological footprints, and represent strategic assets for current and future generations.

- Most renewable energy systems are manufactured today in assembly lines, and can therefore be deployed and implemented very quickly anywhere suitable.

- Most renewable energy systems benefit from economies of scale; therefore the more money we invest in them the cheaper they become. Plus, they use fuels that are plentiful and cheap like sun and wind or that can be locally produced at stable prices like biogas and biofuels.

- Renewables can promote local resilience and energy autonomy, so defusing sources of conflict instead of becoming weapons.

Goodall – Fukushima is a horrible disaster, but we can reasonably expect that no one will die as a result of the radiation leaks. Yes, nuclear power is very expensive, but so are all low-carbon technologies. Most studies show nuclear costing less than offshore wind. What is more, nuclear will deliver power reliably and throughout the year.



Image: Seven resist

ecological disasters have to act responsibly, and accept that nuclear power is one of the few ways we have of maintaining standards of living, while reducing the CO₂ production from electricity generation.

Etcheverry – So, what do we need to globalize a sustainable energy path? Massive creativity, courage and political will – plus we need to design global deployment strategies for renewable energy that have tangible local social benefits.

For example, farmers who can own or at least benefit directly from wind turbines see them as a desirable cash crop. Schools with solar roofs see them as versatile teaching tools. Hospitals that can have lower fuel bills and cheap hot water via district energy see biomass CHP (combined heat and power) technology as a smart investment.

Our biggest obstacle to solving climate change with renewable energy, conservation and efficiency is the limited experience that most people have with these options. For all of us, the most crucial strategy is to get directly involved in ‘learning by doing’ – and to fully use our creativity, which is itself a renewable and unlimited resource.

● **This discussion was originally published in *New Internationalist* magazine, and is licensed under Creative Commons.**

People who live and work near nuclear reactors seem happy to have them as neighbours. By contrast, in Britain at least, onshore wind is widely detested.

I cannot accept that other technologies have ‘vastly smaller ecological footprints’. A new nuclear station will generate the same amount of electricity as about 3,000 wind turbines covering hundreds of square kilometres and requiring far more steel, concrete and disruption to wildlife.

We come back to the core argument. There is no political will anywhere in the world to make renewable electricity happen in sufficient amounts. I deeply regret this. Environmentalists watching the world sleepwalk into multiple

trends



■ The global economy is experiencing a synchronized slowdown, as high energy and commodity prices take a toll. The disaster in Japan, a slowdown in US job creation and renewed concerns about the future of the euro zone also overshadow growth prospects.

Asia is embarking on a benign slowdown as Western demand weakens and policymakers try to

get inflation under control. Food and energy prices are still rising rapidly, potentially necessitating a policy response that would slow growth sharply. Still, the region's fundamentals are healthy.

The Economist Intelligence Unit (EIU) expects China's economy to prove resilient to the tightening of monetary and credit policy and to expand by

9% in 2011. Indian GDP growth will come in at 8.6%. South-east Asia's rate of economic expansion will slow markedly this year from nearly 8% in 2010, albeit to the still-healthy rate of 5.2%.

Latin American economies are decelerating after a stellar performance in 2010. As policy tightens in response to rapid inflation, regional growth is set

to slow from 6% in 2010 to 4.5% in 2011.

The wave of political unrest sweeping the Middle East and North Africa (MENA) may lead to positive changes in the long term, but civil instability is depressing short-term economic prospects. (Economist Intelligence Unit)

■ 2010 may have been the year when developing countries pulled away from the developed world's fossil-fuel fouled past, toward a future powered by clean renewables. And despite the fact

BUSINESS MATTERS



Making the body of a Toyola stove.

Toyola wins award

Toyola Energy Ltd. from Ghana is the 2011 international Gold Winner of the Ashden Award for Sustainable Energy. The company was selected for the coveted Gold Award (£40,000) for its success in making over 150,000 efficient charcoal stoves accessible to low-income families.

Sarah Butler-Sloss, Founder Director of the Ashden Awards and chair of the judging panel said, "Toyola Energy Ltd. has taken a simple stove technology,

adapted it to make it more robust and efficient, and then focused its efforts on making this stove technology accessible to the poor so that they can save money and have cleaner, healthier environments to cook in. In the meantime, Ghana's forests are protected and greenhouse emissions reduced. This is a perfect example of how much can be achieved through the use of simple, clean energy technologies and clever, pro-poor marketing strategies."

New technologies needed to avoid ecological destruction

A fundamental technological overhaul of production processes is required worldwide to end poverty and avert the likely catastrophic impacts of climate change and environmental degradation.

"Business as usual is not an option," said Rob Vos, Director of the Development Policy and Analysis Division at the Department of Economic and Social Affairs of the United Nations Secretariat (UN/DESA) and lead author of the report *The World Economic and Social Survey 2011: The Great Green Technological Transformation*, published in July.

"Without drastic improvements in and diffusion of green technologies, we will not reverse the ongoing ecological destruction and secure a decent livelihood for all of humankind, now and in the future," Vos continued.

The global environment's

capacity to cope with human activity has reached its limits. About half of the earth's forests are gone, groundwater resources are being depleted and contaminated, enormous losses in biodiversity have already occurred, and climate change threatens the stability of all ecosystems.



THE GREAT GREEN TECHNOLOGICAL TRANSFORMATION

that much of that investment was state-subsidized, we are still at a turning point when renewables such as solar, geothermal and wind (those old whipping posts for critics arguing they won't compete with subsidized oil and coal) began to stand on their own two feet, especially in parts of the world where they are often the only source of power available.

According to a new report by UN Environment Programme, collaborating with the Frankfurt School of Finance & Management and Bloomberg

New Energy Finance, investors poured a record US\$211 billion into renewable energy in 2010, accounting for one-third of all new generating capacity. That's a 540% rise since 2004, and during a global financial crisis.

A big chunk of this investment was for massive wind farms in China and small-scale solar rooftops in Germany. Both are recipients of largess from governments through feed-in tariffs and subsidies. Yet the far more interesting story is the explosion of alternative energy in places that can't afford such

schemes, where the natural resource base (wind, sun and geothermal) is vast and the cost of generating clean energy is at or near competitive prices: Egypt, Morocco, Kenya, Argentina, Mexico and others. Even Pakistan took in US\$1.5 billion investment to boost its wind capacity.

"In many parts of the world, we could expect something like a leapfrog [of energy technologies]," writes Ulf Moslener of the Frankfurt School of Finance & Management in the report.

"The strong message is growth... Fossil fuel investment is still dominant around the world but the gap is shrinking fast. If you look at the deals being made, much of the [conventional] investment is to replace old fossil plants, but renewable finance is for new capacity."

Renewables may still prove more expensive for some time to come. But economics change fast. If today's trends are point to the future (the price of PV solar per megawatt has dropped 60% since mid-2008), then there's no turning back. (Fast Company)

Over the next 40 years, US\$1.9 trillion per year will be needed for incremental investments in green technologies. At least one-half, or US\$1.1 trillion per year, are needed in developing countries to meet their rapidly increasing food and energy demands through the application of green technologies.

The report recommends that policies be guided by four key goals:

- improving energy efficiency without expanding consumption where energy-use levels are high;
- supporting a broad global energy technology development portfolio while scaling up the use of known green technologies in specific places;
- supporting greater experimentation and longer discovery times; and
- applying superior governance and accountability strategies in energy-related technological development than at present.



Photo: Gerhard Fally/UNIDO

Time for energy freedom

Appearing at UNIDO's Vienna Energy Forum in June, former Governor of California Arnold Schwarzenegger told participants that universal energy access isn't "just about lighting a dark room, or cooking on a better stove. It's about the freedom that energy – and especially renewable energy – gives us."

"We don't have to be slaves to faulty grids. We don't have to

watch our citizens get sick and die from pollution," Schwarzenegger said. "We don't have to worry about a corrupt dictator waking up on the wrong side of the bed and deciding to shut off power to our country."

The Austrian-born movie star continued, "We need to say, 'We've had enough of the old energy order. We are mad as hell and we are not going to take it

any more!' It's time for energy freedom."

Schwarzenegger's attendance at the Forum marks his continued commitment to work with the United Nations, after engaging with UN Secretary-General Ban Ki-moon last year at the launch of a project to create new green jobs and reduce greenhouse gases around the world.

At the United Nations Millennium Summit in September 2000, the largest-ever gathering of world leaders agreed that “the central challenge we face today is to ensure that globalization becomes a positive force for all the world’s people. For while globalization offers great opportunities, at present its benefits are very unevenly shared, while its costs are unevenly distributed”. More than a decade later, growing inequality continues to threaten the sustainability of economic and social development, and poverty is still widespread, with almost half the world – over three billion people – surviving on less than US\$2.50 a day.

Who gains, who loses?

On average, globalization has generated undeniable benefits in terms of higher economic growth and incomes, better living standards, poverty reduction and access to essential services. The success of countries such as Germany, Japan, Republic of Korea, Singapore, Malaysia, China, Brazil and India would have been inconceivable in the absence of globalization. It is no longer possible to think of a country’s economic growth as a purely internal process. Open trade and the internationalization of capital have enabled countries to benefit from global demand for their products and from new sources of funding.

Increased competition and technology transfer have led to enhanced efficiency and productivity gains. Countries able to exploit these factors have managed to leap-frog several stages of the normal development process.

On the downside, in a globalized and integrated world, almost all problems can and do spill over borders. The painful consequences of social, economic and environmental shocks spreading from one country to another have been starkly demonstrated by the recent financial, food and fuel crises. Developing countries are especially vulnerable to the effects of these external shocks, with the world’s poorest and most marginalized people bearing the brunt of crises they did not cause.

Similarly, developing countries as a group contribute relatively little to global warming compared to developed countries, but many are disproportionately affected by changing climate conditions because of their geographic position. This injustice is worsened by the fact that the wealth accrued in most developed countries can be largely attributed to past and present industrial activities, at the same time as the industrial sector is responsible for a considerable share of developed countries’ greenhouse gas emissions.

Globalization was supposed to promote economic growth throughout the world and

to level the playing field so that everyone could benefit from increased development and rising incomes. Instead, by far the greatest downside to globalization has been the (unintended) exacerbation of inequality, in many forms and at all levels, both within and between countries. These rising inequalities, coupled with greater awareness of them, strain social cohesion, deepen the divides between groups and countries, and increase unrest and the potential for conflict.

Governance in the era of globalization

Global governance in the last decades has been dominated by a small group of powerful countries that tried to minimize the role of government in wealth generation and redistribution. However, the global financial and economic crisis has laid bare the inadequacy of this approach. Likewise, laissez-faire policies are not proving particularly helpful in tackling the effects of climate change or uncertainties about the future supply of energy. Again, we stand at a crossroads of policy and governance. This provides us with a unique opportunity to design our shared future. As the main institution of inclusive multilateralism, the United Nations can play an important role in facilitating such systemic change.

Fairer, greener and



more sustainable

Hedda Oehlberger-Femundsenden argues that UNIDO’s Green Industry initiative can build on the successes of globalization, while helping to rectify its shortcomings.

A fairer, greener and more sustainable globalization: can industry help?

What is at stake is a fundamental rethinking of the whole process of globalization that builds on its successes while rectifying its shortcomings. The UN believes that at the heart of these efforts lies the need to insert the notion of a fairer, greener and sustainable globalization into the centre of the current global debate. This notion is closely linked to the concept of sustainable development and its economic, environmental and social pillars first articulated by the Brundtland Commission, formally the World Commission on Environment and Development, in 1987.

The sustainable development agenda is a case in point on how the UN can use its role as a facilitator for systemic change. The Brundtland Report came up with the classic definition of sustainable development: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs". Acceptance of the report by the United Nations General Assembly gave the term political prominence and laid the basis for the groundbreaking Earth Summit in Rio de Janeiro five years later. This UN conference represented a major step forward for sustainable development, with international agreements made on climate change, forests, and biodiversity. The summit also led to the establishment of the UN Commission on Sustainable Development. Over the past 20 years, sustainable development has become a development paradigm, with governments, businesses, and civil society accepting it as a guiding principle.

Yet the concept of sustainable development remains somewhat elusive, and operationalization has proven difficult. Globalization has changed the challenges for sustainable development by relocating production, so that resource- and energy-intensive production processes are increasingly concentrated in developing countries, with consumption still highly concentrated in the developed countries. Thus, on a global scale, there has been very little de-linking of the economy from the environment. Progress is further hampered by the incorrect, but common, belief that there is a negative trade-off between economic growth and prosperity on the one hand, and social and environmental protection on the other.

As the United Nations' specialized agency for sustainable industrial development, UNIDO has concentrated its activities across three closely related thematic priorities that

“There is now a growing recognition that achieving sustainability rests almost entirely on getting the economy right.”

Stills from UNIDO's Green Industry public service announcement screened on CNN in late 2010.

are all linked to sustainable development and achieving a fairer, greener and sustainable process of globalization: poverty reduction through productive activities; trade capacity building; and environment and energy. In its recently elaborated mission statement, UNIDO continues to underline its commitment to these priorities by emphasizing its aspiration to support member states in growing a flourishing productive sector, to increase their participation in international trade, and to safeguard their environment.

Green Economy and Green(ing) Industry

The concept of a Green Economy, launched by the United Nations Environment Programme (UNEP), also incorporates many of the elements of a fairer, greener, more sustainable globalization. The Green Economy does not replace sustainable development, but there is now a growing recognition that achieving sustainability rests almost entirely on getting the economy right. UNIDO's Green Industry initiative is a concrete sectoral approach to operationalizing Green Economy as a new model for economic growth and development.

The Green Industry vision grasps the potential for industries to decouple economic growth and revenues from excessive and increasing resource use and pollution. A new report, *UNIDO Green Industry: Policies for Supporting Green Industry*, foresees a world in which industrial sectors minimize waste in every form, utilize renewable resources as input material and fuels, and take every possible precaution to avoid harming workers, communities and the environment. Green Industries will be creative and innovative, and constantly developing new ways of improving their economic, environmental and social performance. This will stimulate green investments, and create new green jobs and businesses.

Twenty years after the historic Earth Summit, the forthcoming UN Conference on Sustainable Development (UNCSD 2012) – also referred to as 'Rio+20' – is a major opportunity for the United Nations to come up with specific answers and solutions to the twin challenges of sustainability and globalization. What is needed is a concrete action-oriented agenda to realize the vision of a fairer, greener and sustainable process of globalization. Adopting a sectoral approach such as Green Industry as a way of operationalizing the Green Economy concept will contribute to making this vision a reality.

● Hedda Oehlberger-Femundsenden is a strategic planning officer at the United Nations Industrial Development Organization (UNIDO)



THE GLOBALIZ PARADOX

DANI RODRIK argues that the ultimate paradox of globalization is that it works best when it is not pushed too far. This paradox must be reflected in new global economic arrangements that are based on democratic deliberation where it really occurs – within national states.

ATION



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McDon

Photo: Iva Zimova/Panos



Dani Rodrik is the Rafiq Hariri Professor of International Political Economy at the John F. Kennedy School of Government, Harvard University, USA. He has published widely in the areas of international economics, economic development and political economy. His research focuses on what constitutes good economic policy, and why some governments are better than others in adopting it. His latest book is *The Globalization Paradox: Democracy and the Future of the World Economy*. He was born and grew up in Istanbul, Turkey.

Let me begin by framing my argument with three key ideas. One is the idea that markets need to be coterminous with institutions of governance and regulation that underlie them. This is a corollary to Adam Smith's notion that the division of labour is limited by the extent of the market. My corollary is the idea that the extent of the market is, in turn, limited by the scope of workable, and I emphasize workable, regulation and governance. A lesson that we keep learning is that markets are institutions that require the support of other non-market institutions. Any kind of long-distance market requires non-market institutions to create it. Markets are not self-creating, they're not self-regulating, they're not self-stabilizing, and they're not, fundamentally, self-legitimizing.

That is why well-functioning domestic markets always operate amidst an alphabet soup of regulatory institutions that deal with market failure, with informational asymmetries, and with incentive problems. The requisite rules are embedded in macroeconomic institutions – institutions of monetary and fiscal stabilization – and in broader governance, in political institutions that also provide safety nets, social protection, the welfare state, and ultimately, of course, in political democracy, in terms of ensuring that markets operate within a set of rules that operate through legitimate modes of public choice. So, the first key idea is that we run into problems when markets go beyond the limits of the governance institutions that we need to support them.

Governance

The second idea is that the main locus of legitimate governance today remains the nation state. There is a lot of creative new thinking about mechanisms of governance that go beyond the nation state: various mechanisms of global governance, whether those are the traditional multilateral or international organizations, along the lines of the International Monetary Fund and the World Trade Organization (WTO), or the newer forms of 'network' governance around networks of regulators; or the various forms of cross-border, non-governmental organizations; or the Corporate Social Responsibility movement. However, even though all of these are very interesting, important, and innovative methods of transnational governance that are trying to deal with some of the consequences of the fact that markets go beyond national governments, these structures are weak, and they're likely to remain weak. On their own, they're unlikely to support anything but a relatively limited version of globalization because the focus of democratic deliberation still resides largely with the nation state.

The third idea is that different nation states have different preferences over the shape that these institutions of governance ought to take. Because they differ in their historical trajectories, because of their cultural background, because of their levels of income and development, they have different preferences, and they have different needs. So, when we're talking about the shape of a social protection mechanisms, or the shape that financial regulation ought to take, or the shape that labour-market institutions ought to take, or the form that consumer health and safety standards ought to take, there is going to be much variation across different parts of the world in terms of what is a locally desired form for these institutions. This diversity is natural. There is nothing in either theory or practice that suggests that capitalism, or a market-based system more generally, maps into a unique form of governance, into a unique set of regulations that ought to be globally harmonized, or that, necessarily, different countries will have similar preferences for the shape that these different regulatory institutions ought to take.

democratic
global governance
diversity
G20
labour
mobility

A patchwork

When you put these three ideas together, you end up with the conclusion that we have to contend with a world economy that is, and is likely to remain, a patchwork in terms of governance. We need to internalize the idea that the world economy is always going to be divided into different polities, and that jurisdictional boundaries will be there. This conclusion really puts a damper on how far we can go in terms of envisaging a truly global market, in terms of how far we can strive for what I call 'hyper-globalization', which refers to this ideal of a world economy where national borders don't matter in the sense that they don't impose any transaction costs on economic exchange.

When we get the balance between the reach of the market, and the reach of the 'workable' regulation wrong, then we tend to run into one of two kinds of problems: 1) We run into problems of legitimacy when we try to push the global rules too far, and try to harmonize institutional arrangements beyond what domestic political considerations would allow. I think the best example of this is the difficulty in which the current world trade regime finds itself. In fact, the WTO is one of the least popular institutions in the world. To a large extent, the reason for this is that we have overreached in terms of rule-making in the world trade regime.

2) On the other hand, when we don't have these rules, when the global governance regime remains weak, or when the rules are highly country specific, then we get into problems of inefficiency and instability, and that has been the curse of financial globalization. I think that our experience with financial crises and problems of contagion and financial volatility globally, reflect, in part, the fact that we have a world in which financial markets are increasingly global, while the regulatory arrangements and the stabilizing arrangements are still based within nation states. We don't have anything like a global regulator, or a global lender of last resort, or global fiscal policies.

economic growth problems
financial crises mechanisms
national sovereignty WTO
protectionism open trade
networks trade

The nation state

Coming full circle, my argument is not just that we have to rein in our ambitions because of the continuing power of the nation state, but also that it's not necessarily a bad thing if we recognize the centrality of nation states in the world economy. We're more likely to contribute to a healthy global economy when we recognize the validity of the constraints than when we try to eviscerate them. Weakening domestic governance arrangements ultimately benefits no one.

Whether or not you buy my argument about the inherent desirability of a world economy that's divided across different national polities, we're likely to move into a world where the balance of political forces is becoming significantly more centrifugal. This is, in part, because of the declining role of the United States in the global economy, and also because the European Union will likely remain highly preoccupied with its own financial crisis and its own unification process.

Rising powers

As for the rising powers, led of course by China, but also others like Brazil, India, Turkey, South Africa and Russia – even though they differ on a lot of different >

► dimensions – there is one thing that is common to all of them, which is that all these rising powers tend to put a huge weight on the value of national sovereignty. So, these new powers are going to be standing for a world where in fact the nation state does matter, and there's going to be much less willingness to transfer sovereignty to transnational or global governance mechanisms. The supply of global leadership is likely to be in short supply in any case.

Now, this might be a very pessimistic prospect if you think that, in order to maintain a healthy world economy, we require a lot of global cooperation, a lot of global governance, and a lot of global rule-making. It might suggest that we're looking toward a somewhat bleak future. But I don't think that's that right way to look at it, because to maintain a healthy global economy, you basically need to ensure that countries do whatever is good for themselves. They need to look out for their own interests, not those of the global economy. This is a point that is not very well understood.

Semi-private goods

We often think of the global economy using the analogy of a global commons – we think that the world economy is like a global ecosystem. This is the wrong way to think about trade and financial policies, in the sense that trade and finance policies are what we would call 'semi-private goods' from the perspective of each individual nation. When we economists teach the benefits of trade, and the virtue of comparative advantage, we teach it from the perspective that this is good for



each country in and of itself. We don't teach that trade is good because this is how you provide benefits for the rest of the world. We say instead that trade is good because it enables you to allocate your own resources more efficiently. This is very different from a true global commons, for example, in the area of climate change, where in a world where each nation is doing whatever is good just for themselves, we would collectively all go to hell because nobody would have any incentive to invest in climate control. Trade and financial policies aren't like that, because these are semi-private goods, and if countries adopt policies that are good for themselves, they will have open economic policies.

So, fundamentally, subject to a couple of caveats, an open economy is in fact in each individual country's own interest. There are spillovers of course. There are spillovers in terms-of-trade effects, and potentially mercantilist effects, and this is why I call open trade and financial policy, semi-private goods, not purely private goods from the standpoint of individual countries. When a country, let's say, follows protectionist policies, and if it is true that it is following these in order to 'protect' itself for economically inappropriate reasons, most of the bulk of the costs are actually borne not by the rest of the world, but by particular groups within that country.

The corollary of that is that when nation states in fact do have the manoeuvring room to select their own trade and financial policies and their own institutional arrangements that might potentially impose transaction costs on cross-border trade and financial relationships, the outcome need not be the slippery slope to protectionism.

Agricultural subsidies

I'm not making a claim that democratic politics are always going to result in the kind of economics with desirable outcomes, but the point is that when democratic politics do malfunction, the costs in the world economy are paid mostly by the locals, and not by the rest of the world. Of course, agricultural subsidies are a great example of that, because we say "here is a fundamental failure of the world economy or world governance arrangements" with respect to trade rules, and that countries like the United States, or those in Europe, or Japan, or Korea, with high rates of subsidies or agricultural protection, generate adverse consequences for countries that are agricultural exporters. But, of course, the fundamental economic logic of this is that when countries are subsidizing their agricultural products, if anything they're providing a benefit to the rest of the world, because of the terms-of-trade gains that the rest of the world derives. But even leaving that aside, the answer to the question, "Who pays the cost of those policies?" is that the costs are paid for by domestic consumers and domestic tax payers. So, the ultimate failure here is not failure of global rules per se. It's a failure of domestic deliberation, of domestic democracy. These are very costly policies from the standpoint of each individual country, and if a democracy ends up saying that despite those costs, we want these policies nonetheless, it is not because they want to impose costs on others, it's because democracies are entitled to make their own mistakes.

Bigger gains

The point is that since the costs of 'bad' trade and financial policies are borne mostly at home, improved deliberation (and improved mechanisms of decision-making in these areas) is likely to be a much more powerful discipline, a much more powerful stick, than external constraints. After all, the bulk of the costs fall not abroad, but at home. And in any case, the mechanisms of governance within which we can sensibly address these issues are mostly national to begin with. So, this way of thinking about where we're going has implications for how we think about the design of global institutions, how we think about where we should focus our energies. In other words, where are the bigger gains for international cooperation and rule-making?

One of the policy areas where one can apply some of these broader principles is with respect to what, in some sense, is the burning macroeconomic issue of the day which is, how do you deal with global macroeconomic imbalances?

China

Now this is an area where cross-border spillovers are large because you can argue, quite reasonably, that China's mercantilist policies have costs for others. What I mean by China's mercantilist policies is its currency and other policies that create a large trade surplus. These have costs elsewhere in the world economy, because they aggravate unemployment in the United States and elsewhere, and also have costs for economic growth in developing and emerging market economies because of the relationship between exchange-rates and economic growth. However, I think that what this debate has not taken on board sufficiently is that China also has valid concerns about the potential employment and social consequences of a rapid currency appreciation. So, for the last ten years, China's growth model has relied extensively on an undervalued currency, and what one might call exchange-rate protection, which has increasingly replaced the kind of trade and industrial policies that China used to rely on, prior to joining the WTO in 2001. In fact, it's quite striking that both the external imbalance and the exchange-rate undervaluation started to rise in 2001, just as China joined the WTO. ➤

► So, I think that one way of squaring the circle is to accept that if the rest of the world – the United States in particular – is going to come down hard on China to do something on the exchange rate front, it's also incumbent on us to think whether China needs any insurance policy against the potential downside of loss of employment and significant reduction in economic growth that could be socially costly. And the kind of insurance policy that economic logic suggests we ought to provide China with is much greater freedom to employ sectoral policies in case particular sectors, or particular sets of firms, are adversely affected by a rapid appreciation of the Renminbi, potentially causing unemployment problems. The suggestion here is that greater discipline on macroeconomic and exchange-rate policies imposed on China is really viable only if is matched by significantly relaxed discipline on sectoral, or microeconomic, or industrial policies. In a way, the quid-pro-quo here is to look the other way if China is going to violate the agreement on subsidies of the WTO, and use sectoral policies in order to potentially pre-empt the employment costs of a rapid appreciation of the Renminbi. In exchange, the rest of the world can ask for greater global discipline over macroeconomic and currency policies.

Labour mobility

The second area is one area where globalization has advanced way too little. In international trade and international finance, we need to ask how we can mitigate the consequences of globalization having gone too far. But with respect to the world labour regime, we're in a world where globalization has not gone far enough. The world labour regime today is roughly where the trade regime stood in the 1950s. We live in a world in which there are very high barriers to labour mobility, very inconsistent policies – quantitative restrictions all over. Now, what this means economically is that because we're starting from a position where the size of barriers is so large, the relative balance between the total global efficiency gains and potentially adverse distributional effects of relaxing those barriers is highly skewed on the positive side. It is skewed in the direction of the net efficiency gains. For any dollar of redistribution we get from relaxing these temporary worker mobility barriers, the surplus we generate for the world economy, the extent by which we would increase the global pie, is much greater than from almost any other area of reform. Even a relatively small increase in the temporary work visa allocations of rich countries would produce net gains that are several times those produced by the removal of trade barriers, or anything else that's currently under discussion regarding the world trade regime.

This is really the unexplored frontier of globalization, and I suggest that if the trade negotiators, who are wasting their time with Doha, really want to do something useful, and really expand the size of the global pie, this – and not the existing agenda – would be the area that they should be targeting.

unemployment
employment
regulation
global governance
Doha
regulation
accountability
protectionist
capita
nation

Global rules

With respect to the nature of the global rules, I suggest that the main contribution that global rules can make is through their effect on improving the quality of domestic deliberation. If there is a shift in emphasis in places like the WTO or the G20, instead of trying to enact global rules that try to harmonize on substance in pursuit of the objective of minimizing transaction costs across borders, these global rules should instead focus on procedural safeguards that ensure that the domestic deliberation on regulatory matters affecting trade and finance benefit from some key qualitative improvements. The key principle here would be to ensure things like transparency, accountability, representativeness, and the use of scientific or economic evidence in domestic deliberations with respect to trade and industrial and financial policies. And international rules could set procedural standards, require the application of these principles, and, through such a mechanism, could actually make a contribution to the quality of domestic deliberation. The idea here is that there is much to be gained by legitimizing national differences and regulatory structures, but doing that subject to procedural safeguards that can potentially improve the quality of such deliberation.

To sum up, I believe that democratic deliberation is still largely organized around nation states, and I believe in the right of countries to protect their own regulatory arrangements and institutions, but I distinguish this very sharply from the right to impose those arrangements on others. The right to have your own institutions doesn't give you a right to impose them on others. I think we should strive for as much economic globalization as we can get that is consistent with maintaining this space for diversity in domestic international arrangements.

Policy space

My emphasis here on creating policy space is based on the argument that all kinds of countries need that policy space; the rich nations need it to provide social safety nets and social insurance programmes, to address concerns about the labour, environmental or health and safety consequences of trade, and ultimately to shorten the chain of delegation whereby decisions are made by a group of judges in Geneva. And I think developing countries need the policy space, because the record shows us that it's those countries that use the policy space to restructure their economies, and to diversify their economies, that ultimately benefit from globalization the most, and can leverage globalization the most.

Providing countries of both the North and the South – both rich and poor countries – with this kind of policy space, and understanding that this policy space is needed to maintain the integrity of domestic institutions, is something that is not just desirable from the narrow perspective of national economic management. It will actually produce a global economy that is workable and that is healthier. ■

● This is an edited version of a talk given at the Peterson Institute for International Economics, Washington, DC, on 4 May 2011.



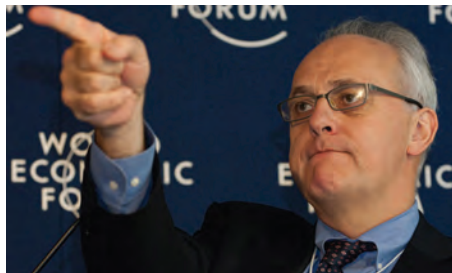
Interview

Rahim Kanani speaks to **Mark Malloch Brown** about his new book, *The Unfinished Global Revolution: The Pursuit of a New International Politics*, which explores the challenges and opportunities of globalization in the 21st century.

The unfinished global revolution

You argue that the central global predicament of the 21st century is that, in becoming more integrated, we have also become less governed. When did this shift start taking place, and where are we today along the continuum of this “unfinished global revolution”?

In the last twenty or so years, two great trends that are inherently in conflict with each other have been playing out. By chance, I have lived at their intersection. The first trend is the demand of people everywhere to have more say over their own lives. This has led to the astonishing people power revolutions from the Philippines and Latin America to Eastern Europe and Africa, and now, recently, in Egypt. Steadily, one man rule has been rolled back, and politburos and generals have been sent packing, as people have demanded demo-



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Photo: Stefan Magdalinsk



cratic control over their societies and lives.

I was present at many of these revolutions. In the early days, as a political advisor to insurgent candidates like Cory Aquino in the Philippines and her counterparts in Latin America and Eastern Europe, and then I saw a later round of these changes, and got in the midst of more than my fair share of them as a senior international official, and then government minister. I saw enough, as I describe in the book, to understand that most, if not all, of these democratic outpourings have fallen short of the anticipation of those who filled the streets to celebrate democracy's victory. The old order, corruption, inequality, a lack of real freedom, too often has hung on, despite the new democratic trappings.

“[On] the long journey, that we have hardly embarked on, to build a global democracy...”



But there is no doubting the depth of the yearning for control over our lives and the freedom to make our own choices within a democratic framework, where we have the protection of the land for ourselves and our families. From being a minority, luxury, aspiration for the few in the West, democracy has become a nearly worldwide demand.

This political tidal wave of our lifetimes smashes into the rocks of the other great trend of recent decades: the impact of globalization. While it has blown change through our lives, and through its mass communications technologies even enabled many of the national democratic changes – witness the role of Facebook and Twitter in Egypt, it has also hijacked our democracy, in unanticipated ways.

What I mean is that as our lives have

become integrated on a global level: from the globally sourced finance that underpins national economies, to the far-flung locations from where our food and consumer goods come, to where the services from bank back offices to the staff in our hospitals originate. We live our lives with an ever greater dependence on international travel for work and pleasure. All of this has consequences for national democracy. Regulating finance, trade, public health, security, and all the other dimensions of a global economy are beyond the power of individual countries – even the most powerful. A country only controls one or two links in the chain of finance, or the spread of an infectious disease.

That is the dilemma I try to expose as a democracy advocate and a champion of better

management of our global affairs. I describe how my thinking evolved, as I found how difficult it is to carry that powerful moment of democratic revolution from the people power of the streets to people power in the distant, global places, where more and more of the decisions that shape our lives must be made. I am able to describe these inaccessible places, and their workings too, in these pages because my own journey took me from democratic activist to senior international official, where I was privy to significant deliberations and was responsible for major management roles across the system. Indeed, probably nobody has been lucky enough to enjoy such a wide range of experience across the top level of an emerging system of global governance.

So, this is the story of two unfinished ►

► revolutions: the imperfections and incompleteness of local and national democracy in the face of the persistence of old power groups and of poverty and marginalization; and of the long journey, that we have hardly embarked on, to build a global democracy – partly because it is even more complicated than one man, one vote, or one country, one vote. We have hardly begun to work out how to govern ourselves at the global level. And indeed there are jealous politicians everywhere, defending their own prerogatives, in the name of national sovereignty, who don't think we should even try.

In this changing international landscape, what is the obligation of this generation to the next?

Well, this generation is probably the last globally unregulated generation. We can race through the world's finite natural resources of energy, water, commodities, forests, soils, and oceans, as though there was no tomorrow! We also have the freedom to move our wealth around, shopping for low regulation locations where it is not taxed and oversight is lax. Indeed, many companies employ lots of lawyers and tax accountants to play this patchwork global system, where money is global, but regulation local.

At the very least we are going to have to explain to the next generation why in a world of growing population, we did not have the foresight to think and act more clearly to address these issues. Why did we not understand that in a globalized economy, letting politicians continue in the self-indulgence that rules and regulations could still be set by them at the national level was a recipe for incoherence and abuse? What can we do about it? Act now, and get going on the kind of bargaining and global negotiating necessary to create proper frameworks for handling these issues in a fair, globally inclusive way for the future.

In your book, you argue that as national politicians cede control to impersonal global forces, they will be forced to become more effective participants in international mechanisms, such as the United Nations. What are some examples of this trend, and what are the potential consequences associated with an increased reliance on a system like the UN that still needs much reform in order to operate effectively?

A: When one looks at a difficult and so far unsuccessful new trade round, the so-called Doha round, one sees politicians weighing in because they think an agreement will bring

“We have hardly begun to work out how to govern ourselves at the global level. And indeed there are jealous politicians everywhere, defending their own prerogatives, in the name of national sovereignty, who don't think we should even try.”

jobs home. So, for months at a time, trade negotiations will be delegated to ambassadors in Geneva who often have no particular incentive to arrive at an agreement, given the pleasant sinecure of Geneva life. Suddenly, politicians facing low growth and too few jobs at home wade in, and there are frantic phone-calls between leaders. The White House, Downing Street, and their Indian and Chinese equivalents are involved. In this case, with little result, but the point is clear: politicians recognize global trade matters.

Similarly, in 2008-9, when the world was faced with financial meltdown, leaders got stuck in. From Bush to Brown, they recognized the survival of their national economies depended on coordinated international action.

A lot of these examples of coordinated political action are, however, outside the UN. This is a sad commentary on its perceived ineffectiveness. It has got a fail grade from many on its handling of climate change negotia-

tions. It has been largely missing in many of the major political confrontations of the last few years. The stark truth is it is going to have to raise its game, if the new multilateralism is not to largely by-pass it.

Nevertheless, one should not overlook the fact that the source of much of its weakness is also the source of its unique legitimacy: every country is a member. And while an inner core of countries, with major interests in the issue, may be able to agree an approach to financial regulation or climate change, unless the whole global community of 192 suspicious, often opposing, countries then endorse it, it's not going to be applied universally. So, while the dynamic part of negotiation may migrate from the UN to more purpose-built associations of national and other stakeholders, they seem likely to continue to need the UN as the final seal of approval.

That would be a reduced role for the UN, but it may be its fate unless a new generation of leaders, like Kofi Annan, comes back into positions of prominence. As I argue in the book, what distinguished Kofi, and other leaders I worked with, was the ability, proactively, to sense where a creative progressive consensus among governments might be found, and to lead, bargain, and cajole nations to get there. Then, the UN can produce remarkable results.

If President Obama granted you an audience to discuss the role of the United States moving forward in strengthening the system of international relations and global mechanisms such as the United Nations, what would be your advice?

Senator Obama visited the UN on a couple of occasions when I was Deputy Secretary-General. We spoke about Darfur and other trouble spots. I was left with a very clear respect for his instinctive multilateralism as a means for moving forward human rights and conflict issues he cared deeply about. He understood that the American 'big stick', wielded alone, rarely brought the results he desired around the world. But his faith in multilateralism, as a progressive force, was even then laced with a discernable scepticism about whether the UN was always fit for purpose for the big tasks, such as peacekeeping in Darfur. His two concerns seemed to be the chronic institutional conservatism brought about by obedience to the sovereign rights of even the most wretched governments such as Sudan. How could you save the people of Darfur, if everything you did had to have the OK of their persecutors in Khartoum? His second apparent



concern was that an organization with such governments having a hand on the wheel was unlikely to have the internal resourcefulness, morale, or risk taking culture, to deal robustly with crises.

I was left believing President Obama was an unconditional multilateralist but a conditional UN supporter. The way of course to convince him otherwise is clear. The UN must perform. That, in turn, means a risk-taking leadership ready again to challenge the world, including the US, to do better.

If your audience was the leadership of China, India, or Brazil, and the topic was the future of the international system, how would your advice differ?

I would presumptuously offer the leaders of China, India, and Brazil, a history lesson. It would dwell on events they may not be that familiar with – how FDR came to commission the design of the United Nations even as the US entered the Second World War, and that he did this not solely to export American liberal values round the world. Rather, it was seen as a system of sharing out responsibility for global security. Roosevelt could see America was going to be landed with the role of global policeman, but he equally recognized Americans would demand that the country focused its resources on the home front. The UN became the pragmatic vehicle for squaring the circle, to deflect global calls for American leadership into a robust burden-shared system of global leadership, covering security and development matters.

Today, China, India, and Brazil face similar demands to step up to global leadership when their people want them to continue to tackle a huge unmet domestic agenda. The UN offers their leaders, as it did the Americans in 1945, a low-cost way of meeting the responsibilities thrust upon them. It requires them to plunge back into the organization which they have traditionally resented as too Western dominated.

Reflecting on the 2008 financial crisis, what is the relationship between the necessity to govern the global economy with global institutions, and the necessity to empower and enable similar institutions to address issues of public health, poverty, or climate change?

The leap to an empowered G20 occurred in 2008 because of a financial crisis that threatened the stability of governments and all our livelihoods. Briefly because of crisis leaders surprised themselves by the force and coher-

“While the dynamic part of negotiation may migrate from the UN to more purpose-built associations of national and other stakeholders, they seem likely to continue to need the UN as the final seal of approval.”

ence of their actions. As British Prime Minister Gordon Brown’s G20 envoy, I saw it was a high point, and indeed the pace of agreement on common action fell away sharply after the London Summit in April 2009 as the crisis itself receded.

So, while there is a similarly compelling case for global action on public health, poverty or climate change, the sense of crisis and mutual threat that drove action on finance is missing. There have been moments – the concerted action against HIV/Aids when it threatened to become a global scourge; an intermittent commitment to tackling poverty – but what we have not yet acquired is a global political consciousness that allows us to recognize that we must worry about the bad neighbourhoods next door. Just as Americans or Britons, a hundred years ago, had begun to recognize the state must address poverty, and not leave it to private charity alone, so we are on the cusp, I suspect, of a great leap of imagination in terms of our responsibilities as cit-

izens, whether we believe in right-wing market solutions to global poverty or more left-wing social interventions, we are crossing the threshold where we will recognize that it is our business to worry about global poverty, even if we still disagree about solutions.

As the ‘unfinished global revolution’ unfolds, and having served for many years in a variety of public, private and non-profit institutions around the world, what insights would you impart on young and emerging leaders in the social sector who may be disenchanted with the ineffectiveness and bureaucracy of global institutions and with their inability to meet 21st century challenges?

First, the canvas on which young leaders can act is wide: NGOs, the UN, business. Almost every organization is moving towards a more international model, and with that comes the opportunity of more career time spent abroad. So, choices do not need to be limited to the official part of an international system. It’s now big enough and diverse enough to touch all of us. So, seize the chance whatever your field of endeavour. Recognize that new or old organizations will need continuously to re-invent themselves during a century of continuous change and likely drastic upheaval. Finally, understand that new leadership requires less of the domineering alpha male popularized in the Hollywood model of governmental and corporate leaders. We are likely to see fewer lantern-jawed heroic titans barking instructions to deferential subordinates, and instead see a gentler consensus, with leaders who will seek the understanding and emotional buy-in of the cross-cultural teams they work with. Kofi Annan. Not George Bush.

What is it about the ‘unfinished global revolution’ that worries you the most?

That it’s unfinished and, with a world expanding at 200,000 people a day, we don’t have long to sort ourselves out.

And what are you most optimistic about?

That, so far, innovation, social adaptation, and remarkable individuals – not just some extraordinary world leaders, but civil society and entrepreneurs, some working in most difficult circumstances – have kept us one step ahead of failure.

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Economists in developed countries have constructed a comforting narrative about our efforts to fight world poverty, but a closer look at the statistics exposes a series of broken promises and rigged initiatives, writes **Thomas Pogge** ➤

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Unfair share

► Fairness of an economic system can be defined by two requirements. First, people must have minimally adequate starting positions, so that they can effectively participate. In our time, this requirement is unmet for people who lack basic literacy and numeracy or live from childhood on with undernutrition or endemic malaria. Such conditions pre-empt their capacity to explore and evaluate their options for buying and selling, borrowing or employment. Second, those at the bottom must be able to share proportionately in economic growth. This requirement is unmet, for instance, in a feudal system where the gap between the landowners and the landless widens relentlessly, no matter how much harder the latter may work.

Despite abundant rhetorical commitment to the ideal of a fair global economic order, the world has actually moved in the opposite direction. According to the UN Food and Agriculture Organization, the number of chronically undernourished people steadily increased from the early 1990s, before rising above a billion in 2009 for the first time in human history. Branko Milanovic reports that, in a mere 17 years of globalization (1988 to 2005), the share of global household income going to the bottom quarter of the world's population has fallen by a third (from 1.155% to 0.775%), with the gap between the average income of the top 5% and that of the bottom quarter growing by 61%.

These bleak statistics disturb the rosy picture of valiant effort and partial success that well-paid economists are feeding to the media and public of affluent countries. But if we care about fairness, as opposed to the mere appearance of it, then we must be willing to face the facts,

as well as to look more closely at how that inaccurate narrative is produced. We must examine the World Bank's unsound purchasing power adjustments, which count a person as non-poor even though his or her entire income can buy only as much daily food as could be bought in the US for 83 cents. We must recognize the mendacity of the Millennium Development Goals (MDG) effort, which is illustrated by tracing the emergence of the first and most prominent MDG: the promise to halve extreme poverty by 2015.

The first version of this promise was made in the 1996 Rome Declaration on World Food Security. It commits us to halve the number of undernourished people between 1996 and 2015. The second version of the promise was made by the UN General Assembly in its 2000 Millennium Declaration. It commits us to halve, between 2000 and 2015, "the proportion of the world's people whose income is less than one dollar a day and the proportion of people who suffer from hunger". The third version of the promise, supposedly based on the Millennium Declaration, is the official formulation of MDG-1 now used to track progress. It commits us to halve, between 1990 and 2015, the proportion of extremely poor people among the population of the developing countries.

Concealed by an unchanged catchphrase ("halve extreme poverty by 2015"), the revisions cleverly dilute the promise. By basing the target on a proportion rather than a number, the later versions take advantage of population growth. This advantage is magnified by relating the number of poor to the faster-growing "population of the developing

“We must recognize the mendacity of the Millennium Development Goals (MDG) effort, which is illustrated by tracing the emergence of the first and most prominent MDG: the promise to halve extreme poverty by 2015.”



countries” rather than to “the world’s people”, and it is magnified again by the decision to backdate the baseline to 1990: if the population of the developing countries grows until 2015 as expected, to 146% of what it was in 1990, then the number of poor only needs to fall to 73% of what it was in order to “halve poverty”. This is obviously much less ambitious than reducing the number of poor to 50% of what it was. The back-dating to 1990 brings the further advantage that spectacular poverty reductions in China during the 1990s can now be counted toward the Millennium Development Goals.

The latest World Bank data on the evolution of extreme poverty and the latest UN statistics on population growth, illustrate the significance of the reformulations. The dilutions have added 484 million to the number of people whose extreme poverty in 2015 will be deemed morally acceptable, or even celebrated as success. Yet an extra 484 million people in extreme poverty equates to about six million additional premature deaths from poverty-related causes each year.

Even more remarkable than the thoughtfulness expended on these deceitful reformulations is the fact that, despite their high visibility, they drew no protests or even comments from any of the politicians, bureaucrats and experts (including those from less developed countries) who are supposedly engaged in the fight against poverty. None of them was willing to put his or her career at risk in order to try to protect the poor by holding the global elite to their earlier promises.

The story of the past 20 years is not that, through deception, the global elite did less than it ought to lift people out of poverty. Had the poorest quarter of humanity merely kept up with the growth in the global average income, had they merely maintained their wretched 1.155% share of global household income, they would have had 40% more in 2005 than they actually had. While this would still have been a less than fair basis for participation in the world economy, it would nonetheless have been a huge improvement on their actual condition. The real story of the past 20 years is that, despite all the rhetoric and good and successful efforts by many NGOs and development agencies, the world’s poor have been slaughtered. If we don’t understand how this happened, we won’t be able to do better in the post-MDG era.

What went wrong?

If acknowledged at all, the massive persistence of extreme poverty is usually explained by two factors: corrupt and oppressive regimes in many poor countries, and the ‘leaky bucket’ of development assistance. Both these explanations have an element of truth. But the first fails to explain the high prevalence of corrupt and oppressive regimes, and the second why the income share of the poor is falling, and rapidly so.

My own explanation redeploys the metaphor: the assets of the poor are like a leaky bucket, continuously depleted by massive outflows that overwhelm the effects of development assistance, which, in any case, are puny. We take great pride in our assistance, boasting of the roughly US\$15bn that OECD countries spend annually on basic social services in poor countries. Yet we ignore the vastly larger amounts that we extract from the poor without compensation. Let me count the ways.

First, affluent countries and their firms buy huge quantities of natural resources from the rulers of developing countries without regard for how such leaders came to – and how they exercise – power. In many cases, this amounts to collaboration in the theft of these resources from their owners: the country’s people. It also enriches their oppressors and thereby entrenches the oppression: tyrants sell us the natural resources of their victims and then use the proceeds to buy the weapons they need to keep themselves in power.

Second, affluent countries and their banks lend money to such rulers and compel the country’s people to repay it even after the ruler is gone. Many poor populations are still repaying debts incurred, against their will, by dictators such as Suharto in Indonesia, Mobutu in the Democratic Republic of the Congo, and Abacha in Nigeria. Again, we are participating in theft: the unilateral imposition of debt burdens on impoverished populations.

Third, affluent countries facilitate the embezzlement of funds by public officials in less developed countries by allowing their banks to accept such funds. This complicity could easily be avoided: banks are already under strict reporting requirements with regard to funds suspected of being related to terrorism or drug trafficking. Yet banks still accept and manage embezzled funds, with governments ensuring that their banks remain attractive for such illicit deposits. Global Financial Integrity (GFI) estimates that less developed countries have annually lost at least US\$342bn in this way during the 2000–08 period.

Fourth, affluent countries facilitate tax evasion in the less developed countries through lax accounting standards for multinational corporations. Since they are not required to do country-by-country reporting, such corporations can easily manipulate transfer prices among their subsidiaries to concentrate their profits where they are taxed the least. As a result, they may report no profit in the countries in which they extract, manufacture or sell goods or services, having their worldwide profits taxed instead in some tax haven where they only have a paper presence. GFI estimates that, during the 2002–06 period, trade mispricing has deprived less developed countries of US\$98.4bn per annum in tax revenues.

Fifth, affluent countries account for a disproportionate share of planetary pollution. Their emissions are prime contributors to serious health hazards, extreme weather events, rising sea levels and climate change, to which poor populations are especially vulnerable. A recent report by the Global Humanitarian Forum, led by Kofi Annan, estimates that climate change already seriously affects 325 million people and causes US\$125bn worth of economic losses every year. It also causes 300,000 deaths, of which 99% are in developing countries.

Finally, affluent countries have created a global trading regime that is supposed to release large collective gains through free and open markets. The regime is rigged, however, by allowing rich states to continue to protect their markets through tariffs and anti-dumping duties and to gain larger world market shares through export credits and subsidies (including about US\$300bn annually in agriculture) that poor countries cannot afford to match. Since production is much more labour-intensive in poor than in affluent countries, such protectionist measures destroy many more jobs than they create.

Taken together, these factors generate a massive headwind against the poor. This overwhelms the effects of public and private foreign aid, meaning that the poor remain excluded from effective participation in the globalized economy and cannot benefit proportionately from global economic growth.

This problem may be solvable through huge increases in development aid, but such continuous compensation is neither cost-effective nor sustainable. It is far better to develop institutional reforms that would reduce the headwind, and eventually turn it off. This would mean seeing the world poverty problem not as a specialist concern at the margins of politics but as an important consideration in all decisions related to institutional design.

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Photo: Matthias Kulka/Corbis

Jan Wouters and Dylan Geraets argue that network governance needs to be transparent, inclusive, and responsive.

Globalization, governance and the G20

How to govern globalization? In the past three years the world has witnessed the emergence of a series of new actors in global governance. Increasingly, (informal) networks are used as forums to discuss new and pressing issues, alongside traditional international organizations. These networks operate in fields as diverse as food safety, standard setting, international public health, and financial regulation. At the global level, one of the prime examples of network governance is the Group of 20. Through the G20 – in November 2008 elevated to the rank of heads of state and government – world leaders attempt to address the most pressing global problems that arise in our increasingly multi-polar world. Although initially focused on dealing with the effects of the world's worst financial crisis since the 1930s, the agenda of the G20 has steadily broadened and now includes issues that range from the reform of international financial institutions and the effects of macro-economic imbalances to commodity price volatility, development and the fight against corruption. In attempting to deal with these issues, the G20 maintains a close relationship with formal international organizations, such as the International Monetary Fund, the World Trade Organization and the World Bank.

After three years, we can make an initial assessment of this relatively new construct in global governance: has the combination of informal networks, like the G20, and formal international organizations, proven fruitful? Has effective and efficient cooperation between them materialized? Does the G20 provide political guidance to 'traditional' international organizations? At the same time, we need to ask whether the G20 itself delivers in terms of 'democratic' global governance. Does the inclusion of emerging countries make the G20 more legitimate? Has the G20 lived up to its expectations in terms of governing globalization: can it function as a new steering committee for the world?

A broadening agenda – shifting priorities

As a network rather than a formal organization, the G20 is not based on a formal charter or treaty. There are no voting procedures, there is no central secretariat, and it does not provide legally binding outcomes. Through its informal structure, the G20 has the freedom to set its own agenda, coordinate policies, and distribute tasks across existing institutions. After the initial phase of crisis management in the face of the international financial crisis, this freedom has led to the

broadening of priorities of the G20. The downside of this broadening agenda can be seen with regard to the level of decisiveness with which the G20 has been able to operate. The expediency with which the 'sherpas' (the faceless diplomats who lay the groundwork for high-profile international meetings such as the G8 and the G20) crafted the bailout package at the end of 2008 can no longer be seen. Far from turning into a central hub for global governance, the G20 is turning into a forum where a variety of issues are discussed, and diverse opinions and policy preferences are exchanged between new and emerging powers, but firm policy conclusions are not necessarily reached.

Vision and guidance

In an earlier issue of *Making It*, Peter Sutherland warned against the growing economic nationalism of the mercantilist mindset and rising protectionism within G20 countries. More recently, WTO Director-General Pascal Lamy urged G20 leaders "to renew the firm commitment that they will not recourse to protectionism in order to exit the crisis." In an earlier speech, Lamy also called upon G20 leaders to provide the political guidance needed to complete the Doha Round of multilateral trade negotiations that has been running since 2001. So far, unfortunately, such requests have remained unanswered. In spite of their initial commitment to refrain from protectionism, in reality there has been an increase in the number of protectionist meas-

ures in the last six months. This example begs the question to what extent the G20 is really capable of providing the political vision and guidance that it is asked for. Can we realistically expect this guidance (these decisions) from a network that includes both China and the United States: the prime example of geopolitical tension at this very moment in time? In terms of effectiveness and efficiency, in a recent article in *Foreign Affairs*, the influential economists Ian Bremmer and Nouriel Roubini argued that the G20 has turned "from a would-be concert of nations to a cacophony of competing voices." In their view "the G-Zero era is more likely to produce protracted conflict than anything resembling a new Bretton Woods".

Legitimate and accountable global governance?

Until 2008, the Group of Eight (G8) was an exclusive club of the world's leading economies. Its importance had, however, waned over the past few years. A network that does not include major economies such as India, China and Brazil risks becoming irrelevant. By inviting these countries to the table in the G20 constellation, this legitimacy deficit prevalent in the G8 was partially addressed. The emerging economies that are now 'inside' the network have used this position to their advantage; although their positions are often not the same, they have been the major proponents behind the proposals for the reform of the international financial institutions. A number of excluded countries, including Norway and most notably the countries unified under the 'Global Governance Group' (3G), have expressed their concerns regarding the legitimacy of the G20. Making the policy-making process more transparent, for example, by publishing more documents next to the already openly available communiqués, would alleviate at least some of these concerns.

Rather than looking at (new) international institutions as the panacea for all perceived deficiencies of global governance through networks, it would be better to encourage our leaders to display the type of political leadership and vision that has been lacking for so long. If we accept that (informal) networks are indispensable to address the problems posed by the process of globalization, we have to attempt to mitigate some of their negative features. Turning to new formal institutions might not be necessary if we ensure that the networks of today and tomorrow are transparent, inclusive, and responsive. ■

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Bangladesh

Garment industry leads the way

At the United Nations Conference on the Least Developed Countries (LDCs) held in Turkey in May 2011, Bangladesh was singled out by UN officials as one of the countries with real potential to graduate from the LDC list.

This view was echoed by the eminent economist, Debapriya Bhattacharya, who told journalists, “I believe that Bangladesh has the capabilities to come off the list of LDCs very soon, as the country has made significant progress in different sectors, including the economy.”

Despite political turbulence and frequent natural disasters in recent years, Bangladesh has sustained a surprisingly good record for growth and development. The economy has grown by an average of 5-6% each year since 1996, and this growth has been accompanied by significant poverty reduction.

The country has made laudable progress on many aspects of human development, most notably the influx of girls into the education system and of women into the labour force. Bangladesh is on track to meet Millennium Development Goals for infant and child mortality, and gender equality in education.

It is considered something of a paradox that Bangladesh has made such relatively strong progress on development, while experiencing a challenging governance environment, characterized by political instability, poor infrastructure, corruption, and insufficient

power supplies. Analysts have been forced to conclude that, despite these difficult circumstances, successive governments have managed to maintain macroeconomic stability, have allowed the private sector to flourish, and have facilitated the receipt of vast amounts of remittances from Bangladeshis working abroad.

From a predominantly feudal agrarian base, over the last four decades the economy of Bangladesh has undergone a rapid structural transformation. Whereas in the early 1970s, the agricultural sector contributed 50% of GDP, today it accounts for less than 20%. Services and manufacturing are now the main drivers of economic growth, with services accounting for around 50% of GDP, and industry contributing around 30%.

Industrial growth has been driven by a booming garment industry. This sector began to take-off in the 1980s when foreign investors took note of the country’s cheap labour costs, but the real impact has been over the last decade. In 2002, the garment industry exported US\$5bn. worth of products but, by the fiscal year 2009-10, this figure had increased to US\$12.6bn. Recently, the World Trade Organization ranked Bangladesh as the fourth largest clothing exporter in the world.

The garment industry today employs more than three million workers, 90% of whom are women. According to Nasreen Awal Minto, president of the Women Entrepreneurs

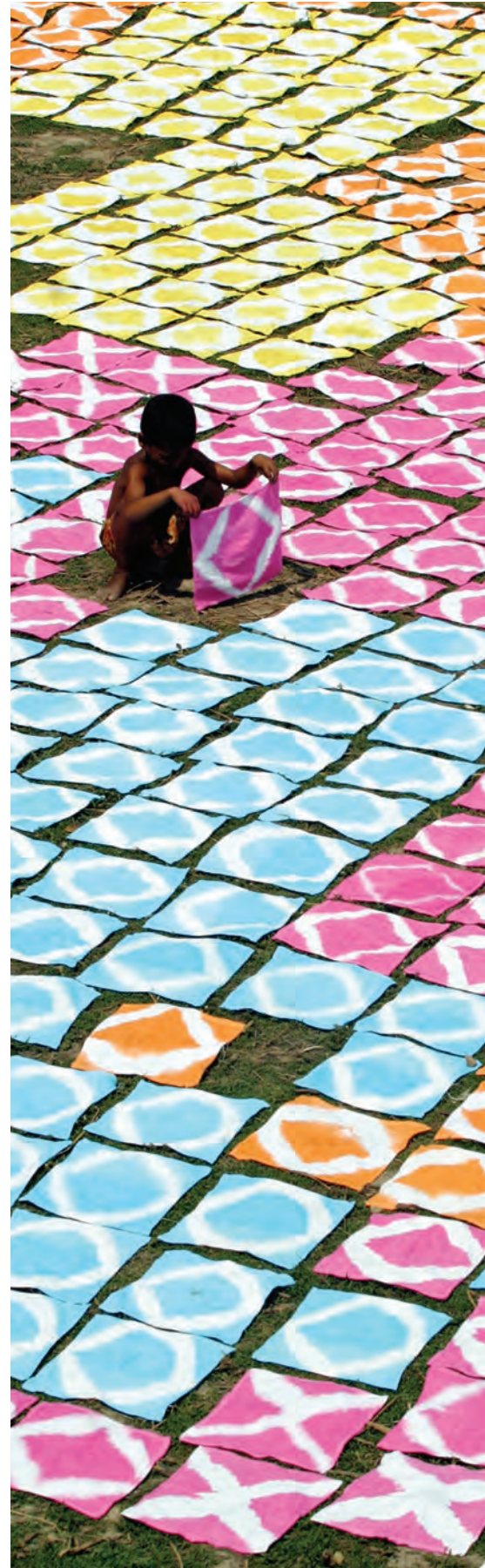




Photo: Rafiqur Rahman/Reuters

A Bangladeshi girl dries colourful handkerchiefs near a handloom factory at Kaliganj, 32 miles from the capital Dhaka.

“Soon Bangladesh will come out of LDC status... and women are really playing a big role in this.”

Association of Bangladesh, this dynamic part of the economy sector is being driven by a private sector in which women are playing a significant role.

“The Bangladesh private sector is doing really a lot. It’s because of the private sector that Bangladesh is growing faster”, Minto recently told IPS. “And women entrepreneurship is growing fast, helping Bangladesh to grow. A lot of women entrepreneurs are coming up.”

Minto is another who sees the country getting ready to step ahead, stating, “Soon Bangladesh will come out of LDC status... and women are really playing a big role in this.”

Sabera Ahmed, chief executive director of Pentasoft Centre of Excellence, an information technology education network, agrees that women - both women workers and women entrepreneurs - are having a big impact on the country’s economic progress.

“We are a role model, inside the house, outside. Outside the country even”, said Ahmed. “In the garments sector we have a revolution. Like in the United States, there was a women’s revolution in the sixties, in our country we have seen a revolution in the eighties, in the nineties, in the garments sector.”

As an example, she remarked, “Very often we see the men taking care of the kids in the house, and the wives are going to the garments factory.”

The garment industry will remain the largest contributor to growth in output for the foreseeable future, especially since the recent change in European Union (EU) import rules which gives Bangladesh (and other LDCs) a significant competitive advantage over competitors. The change gives the Bangladesh duty-free access to the EU for clothes and other finished goods if imported components of the finished product do not exceed 70%. Clothes imported to the EU from China, India, Pakistan and Sri Lanka, which are Bangladesh’s main competitors but are not LDCs, will be liable for duty.

In the first months of 2011, there has been a surge in the value of Bangladesh’s garment exports as the new rule has taken effect. One ramification of the new arrangement is that firms from China and India, amongst others, have begun setting up in Bangladesh in an effort to secure a foothold in the largely domestically owned industry. Local companies have already voiced their concerns about the new competition on their home soil.

In the longer term, there may be a dilemma for Bangladesh’s policymakers: Bangladeshi garment exporters can prosper from duty-free access to the EU thanks to the country’s LDC status, but the economic success of this sector may very well be helping to bring that status to an end. ■



“Bangladesh has shown a remarkable resilience during the global economic slowdown by maintaining an almost unhindered growth of around 6%.”

Playing a catalytic role: **Dilip Barua**, Bangladesh’s Minister of Industries, talks to *Making It*

What have been the main successes during your two and half years as Minister of Industries, and what are the main challenges you are facing as you work to achieve sustainable industrial development?

The main drive of the present government of Bangladesh, under the dynamic and visionary leadership of the Prime Minister Her Excellency Sheikh Hasina, is to build a knowledge-based society through hi-tech and sustainable, green industrialization. To the surprise of many, Bangladesh has shown a remarkable resilience during the global economic slowdown by maintaining an almost unhindered growth of around 6%. Bangladesh’s consistent growth in GDP, exports, and remittances, clearly illustrate substantive and pragmatic economic management. A favourable investment climate has been created, and is show-

ing an upward trend. Many local and foreign investment projects are being implemented. Bangladesh has been listed by Goldman Sachs in its *Next Eleven* list of countries having a high potential of becoming the world’s largest economies in the 21st century, and in JP Morgan’s *Frontier Five*.

The Ministry of Industries has been able to play a very effective catalytic role in developing the industrialization process, both in the public and private sectors. We are working as a facilitator with appropriate policy and logistical support for the sustainable development of the private sector. Meanwhile, a public-private partnership effort has been strengthened, and the Ministry of Industries is considered an important development partner by the private sector.

The Ministry has formulated an inte-

grated National Industrial Policy (NIP)-2010 that aims to transform Bangladesh into an industrially developed and middle-income country by 2021. The new industrial policy has been designed in the context of the global economic meltdown, socio-economic realities, and past experience.

We have not privatized any state owned enterprises (SOEs). Rather, we have made those concerns profitable by upgrading capacity and improving management systems. We are in the process of opening some of the SOEs that have been kept shutdown for a long time, with a view to creating new job opportunities, enhanced productivity and growth, through better management. All these are undoubtedly good examples of our achievements.

Now we are facing some challenges with shortages of energy and power. The government has put in place a comprehensive programme to urgently set up power plants so that demand does not outstrip supply. Another challenge is technology. In this regard, our strategy is to look at building up our technology base, where our own engineers will fashion new and sophisticated machines which will produce more, at less cost. At the same time, we invite foreign investment that will help us with technology transfer, skills development, and employment creation.

The manufacture of textiles and clothing is an important component of industrial production in Bangladesh. What are the pros and cons of having such a large garment assembly sector?

The textile and clothing sector, especially ready-made garments (RMG), is the main source of our export earnings. At present, Bangladesh is the second largest exporter of RMG in the global market. Textile and clothing exports brought in US\$18.71bn out of the total US\$22.93bn export earnings in the fiscal year 2010-11. Of the major export items, knitwear products were worth US\$9.49bn and woven garments worth US\$8.43bn, registering 46% and 40% growth respectively.

The rise in exports was helped by the European Union’s decision to allow, from January 2011, clothes and other finished goods made in Bangladesh (and other least-developed countries) duty-free access if imported components of the final product do not exceed 70%. (Previously, duty-free access was granted to goods with a maximum imported content of 30%.) Bangladesh is also performing well in new markets such as Japan, South Africa, Australia, Canada, New Zealand, and some Latin American countries.

The historical evolution of Bangladesh's RMG sector started in the early 1980s. Our big internal market, cheap labour force, and traditional efficiency in stitching have contributed to the rapid expansion of the RMG sector. RMG industries have a tremendous scope for employment generation, especially for women of Bangladesh. It helps the government a lot in achieving the goal of women's empowerment in general, and in achieving some of the Millennium Development Goals. The national poverty level of Bangladesh has been reduced by 10%, and the textile and clothing sector has played a major role in achieving this poverty reduction.

Could you comment on the dynamic between the need to keep wages low in order to win orders, and low wages limiting the spending power of the working class and thereby impeding the development of local businesses?

I firmly believe that lower rates of wages are not an effective option for making an industry economically sustainable and commercially viable in the present context of global competitiveness. Rather, it reduces the productivity, durability, and sustainability of a venture. In order to attain the optimum level of productivity and progress in any industrial sector, workers' satisfaction and fulfillment of their basic needs deserve proper consideration. Without ensuring the minimum remuneration for workers, no industrial venture can be successful. We cannot expect maximum productivity by investing minimum input. Man and machine are considered the dominant factors for production, but man and machine are not the same. We must consider the workers as human beings and must fulfill their basic needs in order to make a congenial atmosphere in the factories so that the workers can perform properly. That is why our government is a worker-friendly government, and why we are giving more priority to workers' right and needs.

What is being done to try and diversify the industrial sector in Bangladesh?

The prime objective of the New Industrial Policy is to ensure the industrial sector contributes 40% of the national income and 25% of new jobs by 2021. The government is working to ensure necessary economic stimulus packages, infrastructure facilities, and policy support for achieving this objective. The NIP has identified 32 thrust sectors and 31 industrial service sectors for augmenting rapid industrial growth and economic development.

We are giving emphasis not only to the development of the textile and clothing

“We are not allowing any industry that may endanger human life and the environment in our country.”

Photo: Gerhard Fally/UNIDO



sector, but also to other industrial sectors making products like jute and jute goods, ceramics, pharmaceuticals, electronics, leather, automobile parts, and plastic and agro products. I am happy to say that Bangladesh's high-quality medicines are now being exported to over 70 countries in the world, including the USA and those in the EU. Recently, the shipbuilding industry has acquired momentum and is becoming a booming industrial sector. We are exporting ships to Denmark, Germany, the Netherlands and Finland. We are also exporting automobile spare parts to developed countries, including the USA. So, at present, the diversification of industrial products is on the right track in line with our vision of 2021.

What is being done to green the industrial sector?

In Bangladesh, we are making green industrialization a top priority. We welcome knowledge based hi-tech industry with zero environmental pollution. The government has

made it a mandatory provision for new industrial units to set up effluent treatment plants (ETP), and has given a specific deadline for old industries to set up ETPs. We are not allowing any industry that may endanger human life and the environment in our country.

How is the energy situation impacting on industry in Bangladesh?

Our focus is shifting to the efficient use of renewable energy, such as solar energy, to provide poor people with access to electricity. Bangladesh already has a renewable energy policy in place with the objective of developing, disseminating, promoting and extending renewable energy technology to rural areas to meet their energy needs. To achieve the objective, the government has set targets for developing renewable energy resources to provide 5% of total power demand by 2015 and 10% by 2020. The government has also made solar energy equipment tax exempt in order to make the use of solar energy more popular and cheaper. ■

When I was 10 years old, my father would throw me in the river and he would swim with me. It was a very happy time in my life. I could see the stones and the sand, and there were plenty of fish and wild animals. I started to notice the pollution in the early 1980s, a few years after manufacturing facilities and factories were built along the river. The river started to accumulate a layer of pulp and sediment; there was a bad odour, and dead fish would float on top.

I discovered that there were more than 100 industries dumping waste in the river without any treatment. The biggest offenders were the pulp and paper companies, PT Surabaya Agung Kertas and PT Adiprima Suraprinta, which is owned by the biggest newspaper company in East Java. There was cadmium, iron, and mercury in the river. Studies revealed that the concentration of mercury in the river was 100 times the limit established by the World Health Organization. I couldn't even think about swimming in it, as I had as a child. And people drink this water – 96% of our region's water comes from the Surabaya River.

While at university in the year 2000, together with other activists, I established the Ecological Observation and Wetlands Conservation (Ecoton), the first environmental education programme in the region to inform local communities about biodiversity and water pollution. It teaches school students about the dangers and uses them to spread the word.

Children are especially vulnerable to the water pollution since they are growing. A huge number of kids who live near the river are mentally disabled and have high rates of cancer as a result of the pollution. We teach the children that they can protest to the government and ask for the safety of their drinking water.

PRIGI ARISANDI is a 35-year-old environmental activist who was awarded the 2011 Goldman Environmental Prize to honour his sustained efforts to protect the natural environment and his community.

As for the more wealthy people from the city of Surabaya, Indonesia's second largest city, they have purchasing power, so I encourage them to boycott. I show them the list of factories that pollute the river, and tell them that if they buy the products made by these factories, they're polluting the river as well.

While effective environmental laws exist in Indonesia, the East Java provincial government's standard practice has been non-enforcement. Industry – when caught dumping industrial effluent into the Surabaya – simply paid the modest fines, without changing its practices.

In 2007, Ecoton sued East Java's governor and the province's environmental management agency for failing to control water pollution on the Surabaya River. In April 2008, the provincial court issued a precedent-setting environmental decision, ordering the governor to implement water-quality regulations targeted at industry operating along the Surabaya, establishing a maximum daily limit for toxic releases into the river, as well as a monitoring system to ensure compliance. The lawsuit represented the first time in East Java that a governor had been taken to court to change government policy.

In the beginning, the companies treated me like their enemy and as a threat to their business. I published my survey on industrial wastewater dumping activity in a newspaper, and they were really angry. I also made a legal report to the police about some industries that were polluting the river, and those industries had to go to court and were punished.

Some companies offered me money, and asked me to withdraw the report and stop their cases from going through a legal process that was costing them time and money. I said I didn't want their money. I asked them to use their money to install and to run wastewater treatment facilities in a proper way.

The legal case forced me to engage in intense communication with the industry people, and slowly we came to understand each other. Then we tried to find better solutions. Now, those industries that used to be biggest offenders have realized that they get benefits from improving their environmental management. A better relationship with the local community and the media, a better image, strengthen the development of their business.

I am working with industry to put in filters that will treat the water. One Surabaya sugar factory, PT Gempol Krep, recently invested US\$220,000 in a wastewater treatment plant. It is now one of the most environmentally responsible factories operating on the Surabaya. The water is recycled back to the industrial process so that their water consumption is decreasing and they can reduce their bill with the water company. The wastewater disposed of by the factory now always fulfils the wastewater quality standard. Several other industrial facilities have followed suit, installing pollution controls of their own, including the two pulp and paper factories I named above.

The government now has weekly or bi-weekly patrols, and the industry doesn't know the schedule. I still test the water myself but the government now has an officer who monitors the water. I trust the government – we have to trust each other to work together. The quality of the water is getting better, and in the last two years there are no longer dead fish like there used to be. ■

CLEANING UP THE RIVER

Prigi Arisandi explains how a local movement that he initiated is helping to stop industrial pollution from flowing into a river that provides drinking water for three million people in and around the Indonesian city of Surabaya.



Prigi Arisandi teaching children how to monitor the Surabaya River's water quality and report their findings to the government.

Photo: Goldman Environmental Prize

Beyond the 'resource curse'

By Professor **RAPHAEL KAPLINSKY**

It is widely believed that industrial development in commodity-exporting low- and middle-income economies is hampered as a direct consequence of the exploitation of natural resources. Various reasons are given for this so-called 'resource curse'. One is that these economies suffer from the 'Dutch disease' in which large resource rents and appreciating exchange rates undermine the traded goods sectors such as manufacturing. In addition, with respect to manufactures, commodities have undergone a long-term decline in their terms of trade, as well as being subject to high price-volatility. Hence, they seldom provide the regular and sustainable surpluses required to promote development. It has also been argued that, by their nature, commodity-producing sectors are enclave activities and have few external economies, and consequently that they involve few developmental spillovers to industry.

These conventional wisdoms must be challenged. While there may be an association between commodity intensity and relatively low growth rates, this association is weak. Moreover, where it occurs, it is often due less to a causal relationship than to weak pre-existing industrial structures and inappropriate policy responses in commodity-dependent economies. Indeed, a review of the historical experience of some high-income economies, such as the United

States, Canada, Sweden and Australia, shows that these economies not only built their industrial competences in part by developing linkages from the commodity sectors, but also that these industrial competences fed back into their commodities sectors, enhancing commodity recovery rates and reducing costs.

Whatever the historical experience may have been, recent decades have seen three sets of changes which suggest that a new approach be adopted towards industrial development in commodity-exporting low- and middle-income economies.

First, many of the policies which have delivered industrial progress in the past are now no longer as effective. Inward-oriented industrialization has been made less attractive by the reduced capacity to protect domestic industry, and by increased competition from imports.

“The function of effective government policy is to both speed-up and deepen production linkages between industry and commodities sectors.”

The possibilities for export-oriented industrialization have similarly been restricted by intense competition from emerging economies.

Second, the boom in commodity prices – already longer than any previous boom in commodity prices – is likely to be sustained for some years to. Coupled with continued, and indeed heightened, competition in the global manufacturing sector, it is likely that the historical decline in commodities' terms of trade in relation to manufactures will be arrested, providing sustained natural resource rents.

And third, the evolution of global value chains has led to a change in corporate policies whereby leading commodity firms have an active interest not just in outsourcing, but in near-sourcing the supply of many of their inputs. This suggests that now there are corporate strategic agendas which are diametrically opposed to the enclave mentality which characterized their activities in the past.

In terms of how commodity-exporting economies may take advantage of these developments, it is helpful to look at the possible production linkages – backward in the supply of inputs, and forward in the processing of commodities. There are a number of reasons to believe that there is substantial scope for the expansion of production linkages between industry and commodities sectors. In part, this is because of the desire of leading commodity firms to increase their outsourcing, and in part because commodity production is invariably affected by contextual factors – climate and the geology of individual deposits. By necessity therefore, they require unique inputs and many of these can be used to promote distinctive local industrial (and agricultural and service) capabilities.

In a context of increasing lead-firm outsourcing, many of these linkages occur



Photo: istock

as a natural consequence of market forces. The function of effective government policy is to both speed-up and deepen these linkages. Disabling government policy, by contrast, slows down and reduces the extent of these linkages.

For a number of reasons, governments have an important role to play in optimizing the nature and pace of these linkages:

- These linkages provide the potential for both employment creation and as a contributor to economic growth;
- They also provide a pointer to the path of industrial development – in economist

Albert Hirschman's words, "one thing leads to another";

- The sustained nature of commodity production may provide an arena for the development of dynamic capabilities through the expansion of the National System of Innovation;
- The development of horizontal linkages – the provision of inputs into the commodity sector and the processing of its outputs – will also offer complementary benefits to other industrial sectors;
- Despite the fact that outsourcing is in the interests of lead-firms, many firms could do more to enhance their supply chain

development capabilities, and require support (as they do in the industrially advanced economies), and;

- With the growth of industrial capabilities in emerging economies blocking other paths to industrial development, there is now a premium on the development of industrial capabilities which feed into the exploitation of the commodities sectors.

■ The above is a summary of a working paper, *Commodities for industrial development: making linkages work*, prepared for UNIDO's Development Policy, Statistics and Research Branch.

Drivers of development

By the Overseas Development Institute

According to new research by the Overseas Development Institute (ODI), there are four key drivers of progress in development. The report, *Mapping Progress: Evidence for a new development outlook*, systematically analyses development progress in 24 countries across the global south and ranks countries according to performance.

Countries often better known as hubs of war and famine have made remarkable progress across different sectors, including growth, education, healthcare, governance, and agriculture. The report identifies the crucial role of effective leadership, smart policies, proper institutional foundations, and international partnership, in driving development progress.

Countries are categorized into four categories: stars, surprises, potential performers, and conundrums where progress in some areas has not delivered expected improvements in the lives of the poor.

According to ODI Director, Alison Evans, “Development is a highly complex business and people can get it wrong. But quite often they get it right. The purpose of the *Mapping Progress* report is to show that progress is not only possible, it’s happening.”

She continued, “The real question we need to answer is ‘what works and why?’ Why have some of these countries seen such remarkable progress? What have been the most interesting innovations?”

“Looking across at the strongest

examples across the continent, we can see that the most transformative and sustainable developments have occurred when the commitment to change has come from within African countries and communities.”

The four drivers

Smart leadership: Transformation in Ghana, Rwanda, and Brazil would not have happened without Presidents Rawlings, Kagame, and Lula.

Smart policies: Progress has involved a changing role for government, away from controlling (markets and prices) to facilitating and enabling (investment and production), and, in the best cases, empowering citizens. Policies have been built on clear vision or national strategy, and have been evidence-based.

Smart institutions: In many countries, progress has been achieved through governance reforms that have decentralized and strengthened local institutions. Reforms have not only led to improved service delivery but also enabled more effective revenue collection and management of public finances.

“Why have some of these countries seen such remarkable progress? What have been the most interesting innovations?”

Smart friends: Effective international partnerships can be important catalysts for progress. These partnerships can take various forms beyond aid, including the transfer of knowledge and technology, international trading relations, and diplomatic interventions.

Development progress stories

Ghana – star performer

Government-led reforms of the domestic cocoa market have driven a tremendous record of agricultural growth – averaging over 5% for the last 25 years. Ghana is on track to meet Millennium Development Goal 1 – halving rates of poverty and malnutrition by 2015. Having raised food production per capita by more than 80% since the early 1980s, Ghana is largely self-sufficient in staple foods.

Star performers, such as Ghana, have shown sustained progress for more than two decades. By diversifying products and services they have added considerable value to national performance. Star countries display a more mature level of development and are now beginning to face challenges more common to developed countries such as environmental degradation, aging populations and non-communicable diseases. Other star performers include Bhutan, Thailand, Brazil, and Uganda.

Ethiopia – surprise performer

Since emerging from civil war in 1991, Ethiopia has significantly improved access to education for its population. Primary school enrolment rates have risen by more

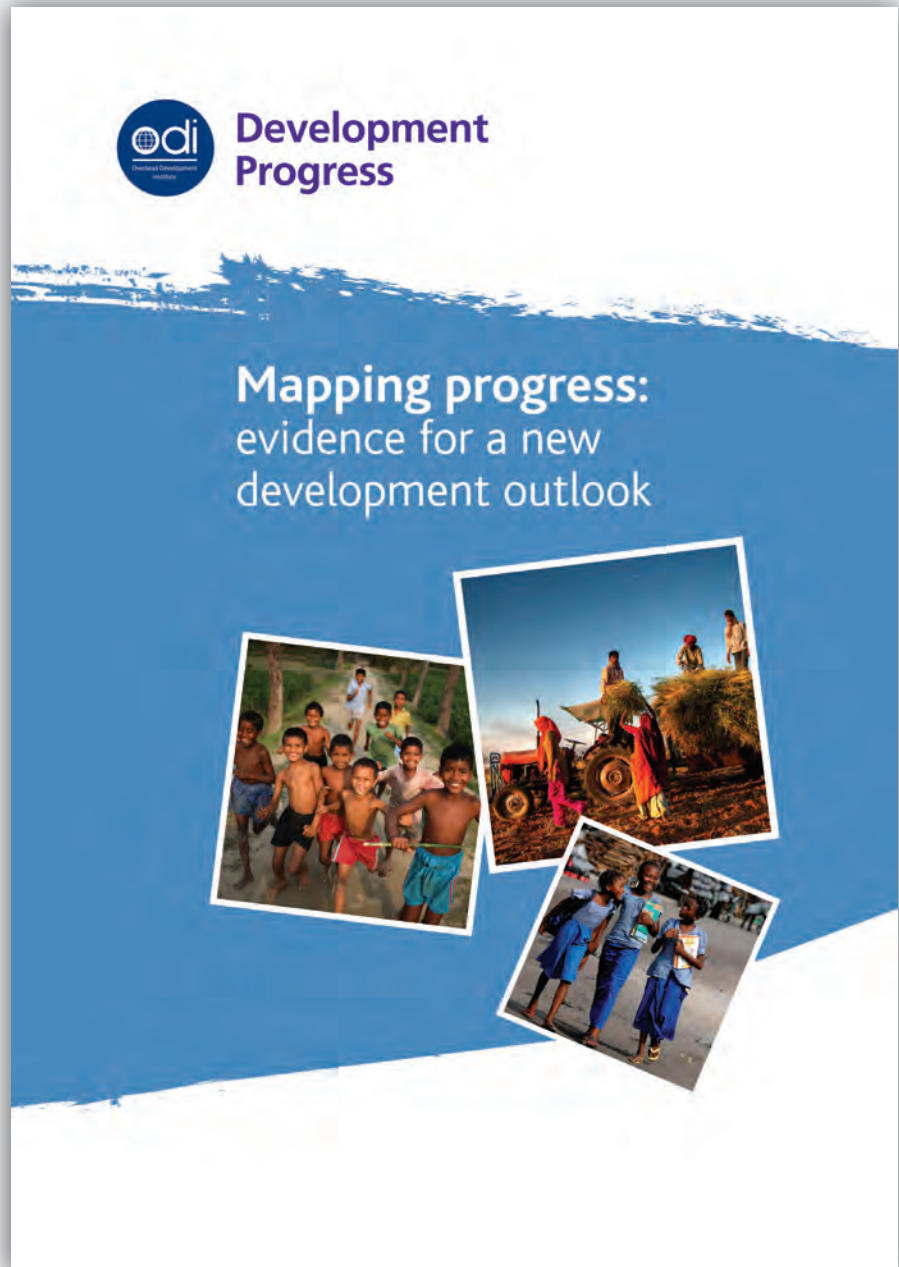
than 13 million since 2005. A sustained Government commitment, matched by increased spending, allowing the removal of school fees, has triggered this astonishing rise. Other surprise performers are Rwanda, Cambodia, Laos, and Somaliland.

Surprise performers, such as Ethiopia, have delivered progress against the odds, often recovering from crisis and war or dealing with ongoing conflict, challenging political situations and highly inaccessible topography. The surprise elements of progress in these countries often lie in the speed of recovery, sometimes allowing them to eclipse previous levels of development.

Malawi – potential performer

Malawi has the potential to deliver significant progress towards its development over the next decade, according to a newly published global research project. The country's recent progress in providing economic stability has begun to have a positive effect on development indicators placing Malawi in the top twenty performers for several of the Millennium Development Goals. Growth of over 7% per year for most of the last decade, and a steady fall in rates of inflation, suggest a bright future for the country.

Potential performers, such as Malawi, have shown recent examples of progress, often achieved over a limited period of time. Progress may be limited to individual sectors or regions. Whilst these countries have already produced impressive results, they now need to sustain them into the future. Other potential performers include Benin and Burkina Faso. ■





Solar Sister: empowering women with light and opportunity

The next issue of *Making It* will look at gender equality and the economic empowerment of women. One take on this subject is provided by **KATHERINE LUCEY**, the founder and CEO of Solar Sister, a social enterprise that provides women with training and support to create solar micro-businesses.

More than 125 years after Thomas Edison invented the light bulb, 1.6 billion people – a quarter of the world’s population – still rely on kerosene lanterns and candles for light. They spend up to 40% of their family income on energy that is inefficient, insufficient and hazardous. Widespread use of kerosene has an adverse impact on local air quality as well as on global climate change. Poor lighting, smoke, and rudimentary lanterns are responsible for large number of infections and burn injuries.

Solar Sister is a social enterprise that is tackling the problem of energy poverty with an innovative market-based approach that empowers rural women in Africa with economic opportunity. Using an Avon-style business model that deliberately reaches out through women’s social networks, Solar Sister solves the problem of ‘last mile’ access to clean energy and brings solar technology right to the doorstep of rural households.

Using a micro-consignment business



Katherine Lucey, founder and CEO of Solar Sister.

"Women become their own bosses and beacons of light, hope and opportunity for their communities."

model, the women are provided with a ‘business in a bag’ that includes inventory, sales training and marketing support. The women are empowered to bring access to a portfolio of clean energy technologies including solar lamps, solar cell-phone chargers and radios and clean cookstoves. Clean energy provides light and power that saves lives, provides connectivity, improves public health, provides livelihoods and combats climate change. The women become their own bosses and beacons of light, hope and opportunity for their communities.

Solar Sister is a market-based programme, with revenues from sales of solar lamps providing the engine for economic growth. Solar Sister is a social business, using the power of the market to achieve a social goal of distribution of clean energy technology. It is the emphasis on “opportunity” rather than “aid” that attracts and rewards women who are motivated to build successful businesses that benefit the whole community by providing access to breakthrough technology. Today, even though portable solar LED lighting technology is an affordable solution; lack of access has kept the products from being adapted by rural households living in the dark. Ingenious clean energy products for the base of pyramid markets are not much good if the

poor can't use them. Solar Sister's sales proposition is simple: at a starting cost of about US\$20 for a solar lamp, customers get a lighting source that is eight times brighter, cleaner and safer than piecemeal kerosene – the cash expense is paid back by the cost savings of buying kerosene in two and a half months. This translates into brighter light for families, and savings of more than US\$100 a year on fuel.

Solar Sister reaches out to the women who would otherwise not have an opportunity to become entrepreneurs and provides them with a holistic package of working capital, business training and marketing support. Women represent 70% of the rural poor most affected by energy poverty. But more importantly, women are primarily responsible for energy usage at the household level. Clean energy technology will not be adapted on a widespread basis if women are not part of the solution. Solar energy can provide connectivity as well as lighting, and some of our best selling products are solar lamps that also provide power to charge mobile phones. The phenomenal success of mobile phones in sub-Saharan Africa is possibly the most important development story of this century. Having access to the energy to power those phones is a correlating opportunity that the Solar Sister entrepreneurs are able to meet. One customer not only charges her own phone, but has set up a micro-business charging her neighbour's phones as well, earning a steady daily income.

A founding story of Solar Sister is that of Rebecca, a rural farmer in Mpigi, Uganda, who chose to put a solar light in her chicken room. Rebecca knew that chickens only eat when they can see, and by increasing the hours of light, the chickens ate more, and were healthier.

They laid more eggs, improving the economics of her operation and providing income that allowed her to buy seeds, and eventually a goat, pigs, and even a cow.

From the simple improvement of a single light, Rebecca built a farm and eventually a school where she teaches children to read and write, and also how to do small plot farming. With a little bit of light and opportunity, women like Rebecca have the power to improve their own lives.

The strength of Solar Sister's enterprise solution comes from the women themselves. It is their own ingenuity and commitment that builds their business – we are just offering them the opportunity to help themselves. Even small amounts of electricity can dramatically improve the lives of women living with acute energy poverty. Creating economic opportunities for women in turn has a multiplier effect on social and economic progress of their communities, and our world. ■

FURTHER READING

- Chang, Leslie – *Factory Girls: From Village to City in a Changing China*
- Ferguson, Niall – *Civilization: The West and the Rest*
- Ghemawat, Pankaj – *World 3.0: Global Prosperity and How to Achieve It*
- Gilding, Paul – *The Great Disruption: How the Climate Crisis Will Transform the Global Economy*
- Heinberg, Richard – *The End of Growth: Adapting to Our New Economic Reality*
- Heinberg, Richard and Lerch, Daniel (eds) – *The Post Carbon Reader. Managing the 21st Century's Sustainability Crises.*
- Lovins, Amory – *The Essential Amory Lovins*
- Mahbubani, Kishore – *New Asian Hemisphere: The Irresistible Shift of Global Power to the East*
- Moyo, Dambisa – *How the West Was Lost. Fifty Years of Economic Folly – And the Stark Choices Ahead*
- Nye, Joseph – *The Future of Power*
- Pogge, Thomas – *Politics as Usual: What Lies behind the Pro-Poor Rhetoric*
- Rivoli, Petra – *The Travels of a T-Shirt in the Global Economy: An Economist Examines the Markets, Power, and Politics of World Trade*
- Stiglitz, Joseph – *Making Globalization Work*
- Zakaria, Fareed – *The Post-American World: Release 2.0*

FURTHER SURFING

- www.attac.org – ATTAC is an international organization that fights for the regulation of financial markets, the closure of tax havens, the introduction of global taxes to finance global public goods, the cancellation of the debt of developing countries, fair trade, and the implementation of limits to free trade and capital flows.
- www.globaldashboard.org – Global Dashboard explores global risks and international affairs, bringing together authors who work on foreign policy in think-tanks, governments, academia, and the media.
- www.postcarbon.org – The Post Carbon Institute promotes the transition to a more resilient, equitable, and sustainable world.
- www.postgrowth.org – The Post Growth Institute inspires and equips people to make global well-being our most urgent priority, without relying on growth to make it happen.
- www.somo.nl – SOMO is a research and network organization working on social, ecological and economic issues related to sustainable development.
- www.stwr.org – Share The World's Resources is a think-tank that advocates for natural resources such as oil and water to be sustainably managed in the interests of the global public, and for essential goods and services to be made universally accessible.
- www.sustainableenergyforall.org – 2012: The International Year of Sustainable Energy for All.
- www.triplecrisis.com – Global perspectives on finance, development, and the environment
- www.un-energy.org – UN-Energy, the United Nations' mechanism for inter-agency collaboration in the field of energy.
- www.wedo.org – The Women's Environment and Development Organization envisions a just world that promotes and protects human rights, gender equality, and the integrity of the environment.

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A quarterly magazine to
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