

Strides and Backslides

*A Review of the Progress Made and Constraints Encountered
in the Regional Implementation of the Copenhagen Declaration and
the Agenda for Action for Social Development in the ESCAP Region*

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The global social contract

The 1992 Earth Summit in Rio hoped to moderate development (read economic growth) by integrating environmental and social concerns. The 1995 Copenhagen Social Summit radicalized that agenda somewhat to ensure the inclusion of the vast masses of fallouts and excluded.

The Copenhagen Declaration and Program of Action comprise a new social contract at the global level. Declaring that people must be put at the center of development, 117 heads of state or government—then the biggest gathering yet of world leaders—pledged to conquer poverty, achieve full employment, and foster stable, safe, and just societies as their overriding objectives at the World Summit for Social Development held in March 1995 in Copenhagen. Many citizens' associations and social coalitions from everywhere actively participated in the Summit and in the preparatory processes, suggesting worldwide consensus and support.

The Economic and Social Commission on Asia and the Pacific (ESCAP), representing 51 members and nine associate members, played an active role in the preparatory and follow-up processes. It convened the Asia and Pacific Ministerial Conference for the World Summit for Social Development in Manila in October 1994. The Conference adopted the Manila Declaration on the Agenda for Action on Social Development in the ESCAP Region. With that Declaration, the governments in the ESCAP region took the lead in global efforts to give priority to social development through appropriate and much-needed policies, measures, programs, and resources. The Agenda represented a path-breaking regional consensus on specific, time-bound goals and targets to address critical social development concerns and the means of achieving them.

In the Millennium Summit convened by United Nations Secretary General Kofi Anan in New York in September 1999, the Copenhagen commitments found new expression in a set of seven more precise and time-bound International Development Goals:

1. Reduce the proportion of people living in extreme poverty by half between 1990 and 2015.
2. Enroll all children in primary school by 2015.
3. Make progress toward gender equality and empowering women by eliminating gender disparities in primary and secondary education by 2005.
4. Reduce infant and child mortality rates by two-thirds between 1990 and 2015.
5. Reduce maternal mortality ratios by three-quarters between 1990 and 2015.
6. Provide access for all who need reproductive health services by 2015.
7. Implement national strategies for sustainable development by 2005 so as to reverse the loss of environmental resources by 2015.

Each of the seven goals addresses an aspect of poverty. They should be viewed together because they are mutually reinforcing. Higher school enrollments, especially for girls, reduce poverty and mortality. Better basic health care increases enrollment and reduces poverty. Many poor people earn a living from the environment and so need a healthy environment to sustain their livelihoods. Progress or setback in one goal affects each and all of the seven goals.

And yet, even if achieved, the goals of international development would only partly address that most compelling challenge of our times—*to end poverty now*.

The goal of cutting this down to half by 2015, practical as it may seem, means that half of the poor here and now must wait for 15 more years—and the rest, for yet many, many more thereafter. A starving child may not survive to the next meal.

Social Watch, a global network of citizens and civil organizations monitoring the implementation of the Copenhagen commitments, has described world progress in social development by end-2000. Many of the world's poorest countries have made extraordinary progress in their social development indicators in recent years, but the world still stands far from the goals agreed upon by the international community. Progress in the middle-income countries is insufficient, and the richer nations have not met their commitments to contribute to less developed countries. Further, the global economy has not been made friendlier to people living in poverty, and their efforts to overcome misery have not found an enabling environment.

In this new millennium, poverty remains a global problem of huge proportions. Of the world's six billion people, 2.8 billion live on less than US\$2 a day and 1.2 billion on less than US\$1 a day. A broader meaning of poverty, however, would include even non-income measures: eight of every 100 infants do not live to see their fifth birthday; nine of every 100 boys and 14 of every 100 girls who reach school age do not attend school. Poverty to economist Amartya Sen means deprivation. And this can cover anywhere from not having money to buy enough of anything for your subsistence, to being ashamed to appear in public because you are clothed in tatters and live in the slums. Poverty is also evident in poor people's lack of political power

and voice, and in their extreme vulnerability to ill health, economic dislocation, personal violence, and natural disasters. And the scourge of HIV/AIDS, the frequency and brutality of civil conflicts, and rising disparities between rich countries and the developing world have increased the sense of deprivation and injustice for many.

Forward, backward in ESCAP-9

The ESCAP region has the biggest stake in furthering social development. It is not only home to 3.5 billion people (about 60 percent of the world's present inhabitants), it is where most of the new members of the human family will be born in the next 25 years. Prior to the Copenhagen Summit, most of the poor, the jobless, and the excluded were to be found in this region. Five years down the road from Copenhagen, not much has changed in its massive concentration of poverty, joblessness and social exclusion.

Thirteen ESCAP members in a list of 59 countries (with data available) appear in a world poverty map (by Social Watch) showing distribution of the poor living on US\$2 a day. India and Nepal are among 12 countries with between 78.1 percent and 98.1 percent of its people living on US\$2 a day; the Philippines and Indonesia among 12 with between 58.7 percent and 78.1 percent; China, Pakistan, and Kyrgyzstan among the 12 with between 43.8 percent and 58.7 percent; Sri Lanka, Malaysia, and Turkmenistan among those with between 24.9 percent and 43.8 percent; and, Thailand, Kazakhstan, and Russia with those between 6.4 percent and 24.9 percent.

Bangladesh, probably more than Malaysia, should belong to this circle, given population size and depth of poverty. A sampling based on magnitude of poverty and geographic distribution would give a selection of nine ESCAP members: India, Bangladesh, and Pakistan in South Asia; China, Indonesia, the Philippines, Vietnam, and Papua New Guinea in East and Southeast Asia and the Pacific; and Russia. From here on, we will refer to this group as ESCAP-9. What happens in ESCAP-9 exerts enormous impact on social development not only in the region but also in the whole world.

ESCAP-9 has the highest concentration of the poorest (US\$1 a day) and the not-so-poor (US\$2 a day) in the ESCAP region and in the whole world. Within this group the three South Asian countries—India, Bangladesh and Pakistan—contain the most poor. Poverty has returned in post-soviet Russia, which now belongs to the group of countries with between 6.4 and 24.9 percent of their people living on US\$2 a day. Poverty is rising in both Papua New Guinea and the Philippines. On the other hand, Vietnam seems to be doing well in steadily reducing its poverty.

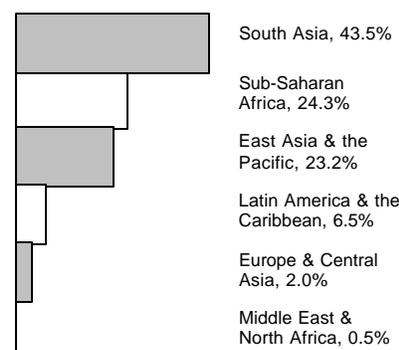
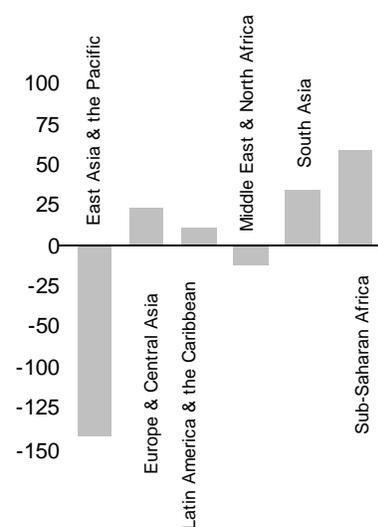


Figure 1

Where the developing world's poor live
Distribution of population living on less than \$1 a day

Source: World Bank 2000

Figure 2
Where poverty has fallen and where it has not



Source: World Bank 2000

China and Indonesia have shown the most dramatic performance in reducing absolute poverty.

ESCAP-9 performance varied widely from country to country, according to the qualitative assessment done by Social Watch around the Copenhagen+5 in 2000. The Social Watch chart of (un)fulfilled commitments included eight items: literacy and basic education; children's health; food security and nutrition; reproductive health; longevity; safe water and sanitation; reduction in military spending; and presence or absence of national anti-poverty plans.

India (GNP—US\$442.2 billion, 11th; GNP/capita—US\$450, 162nd) performed highly in food security and infant nutrition and in life expectancy. It did not show any movement in reproductive health. It was progressing but not enough in all other aspects. Its national anti-poverty plan is still being designed, although some states, like Madhya Pradesh, has one in place.

Pakistan (1999 GNP—US\$64.0 billion, 44th; GNP/capita—US\$470, 160th) progressed somewhat in literacy and basic education, in food security and infant nutrition, in safe water and sanitation, and in reduction in military spending. It stood still in children's health and life expectancy and seemed to be significantly going backwards in reproductive health. And like India, it is still designing its national anti-poverty plan.

Bangladesh (1999 GNP—US\$47.0 billion, 50th; GNP/capita—US\$370, 167th) showed indications it was achieving its goals in food security, and in infant nutrition and reproductive health, and seemed to be progressing, though not enough in literacy and basic education. There was no movement, up or down, in children's health and in longevity, and it had

Table 1
ESCAP-9 by Land Area and Population

	Land area 000 km ²	Population (In millions)	
		1980– mid 1993	1999
India	3,288	687	998
Pakistan	796	83	135
Bangladesh	144	115	128
China	9,597	981	1,250
Indonesia	1,905	148	207
Philippines	300	48	77
Vietnam	332	71	78
Papua N.ew Guinea	463	4	5
Russia	17,075	139	147
Total	33,900	2,963	3,025

Table 2
Quality of Life in ESCAP-9

Economy	Growth of private consumption per capita Avg. annual growth rate (%), 1980-98		Prevalence of child malnutrition % of children under age 5 1992-98 a	Under-5 mortality rate Per 1,000		Life expectancy at birth Years 1998		Adult illiteracy rate % of people 15 and above 1998		Urban population % of total		Access to sanitation in urban areas % of urban pop. with access
	Distribution corrected			1980	1998	Males	Females	Males	Females	1980	1999	
India	2.7	1.7	-	177	83	62	64	33	57	23	28	46
Pakistan	2.0	1.4	38	161	120	61	63	42	71	28	36	53
Bangladesh	2.1	1.4	56	211	96	58	59	49	71	14	24	77
China	7.2	4.3	16	65	36	68	72	9	25	20	32	58
Indonesia	4.6	2.9	34	125	52	64	67	9	20	22	40	73
Philippines	0.8	0.4	30	81	40	67	71	5	5	38	58	88
Vietnam	-	-	40	105	42	66	71	5	9	19	20	43
PNG	-0.6	-0.3	30	-	76	57	59	29	45	13	17	82
Russia	-	-	3	-	20	61	73	0	1	70	77	-

Source : World Development Report 2000/2001

some regressions in reducing its military spending. Its national anti-poverty plan is still a work-in-progress.

China (1999 GNP—US\$980.2 billion, 7th; GNP/capita—US\$780, 140th) performed highly overall. Its goals, as set in its national plan, were achieved in literacy and basic education, in reproductive health, and in safe water and sanitation. It is progressing but not enough in children's health, and in food security and infant nutrition.

Indonesia (1999 GNP—US\$119.5 billion, 32nd; GNP/capita—US\$580, 150th) seemed to have achieved its goals in food security and infant nutrition and life expectancy. Though it progressed slightly in literacy and basic education and in children's health, it showed some regressions in reproductive health and in cutting of military spending. Its anti-poverty goals are spread across the rest of government policies, although it has no national anti-poverty plan as such.

The Philippines (1999 GNP—US\$78 billion, 40th; GNP/capita—US\$1,020, 131st) was somewhat of a big disappointment. It had not performed as expected even though it had a national anti-poverty plan set much early on, around 1995. Its goals in literacy and basic education, and in longevity, had been achieved. But it is standing still in children's health, in food security and infant nutrition, and in safe water and sanitation, and had some regressions in reproductive health and in reduction of military spending.

Vietnam (1999 GNP—US\$28.2 billion, 60th; GNP/capita—US\$370, 167th), like China, seemed to be doing well. Going by the national plan, it has achieved its goals in literacy and basic education, in food security and infant nutrition, and in reproductive health. It is progressing somewhat in children's health but showing no improvement in safe water and sanitation. It is also significantly going backwards in its life expectancy.

Papua New Guinea (1999 GNP—US\$3.7 billion, 120th; GNP/capita—US\$800, 138th) was progressing but not enough in food security and infant nutrition, and in safe water and sanitation. It is standing still in literacy and basic education, and in reproductive health, and showing some regressions in children's health. It has no national anti-poverty plan in place but anti-poverty goals are articulated in some of its policies.

Russia (1999 GNP—US\$332.5 billion, 16th; GNP/capita—US\$2,270, 98th) performed well in literacy and basic education and in reducing its defense spending. It is progressing (but not enough) in children's health and significantly going backwards in food security and infant nutrition. Life in Russia has become shorter. It has no national anti-poverty plan (understandably so, since poverty is a resurgent phenomenon there), although some government policies seem to address poverty concerns.

In all of ESCAP-9 there has been no movement in reducing the gender gap in literacy.

This overview validates the observation that the many dimensions of poverty relate in subtle ways. Consider the cases of Indonesia and the Philippines and ask the question: who's poorer? These countries have similar income levels, but the incidence of poverty in the Philippines is many times higher than that in Indonesia. And yet, several measures of social well-being, such as the prevalence

Table 3
The Chart of Unfulfilled Commitments in ESCAP-9

Country	Literacy & Basic Education	Children's Health	Food Security & Infant Nutrition	Reproductive Health	Health Longevity	Safe Water & Sanitation	Reduction in Military Expenditure	Official Development Aid	Anti-Poverty Plans
India	⊙	⊙	●	○	●		⊙		☰
Pakistan	⊙	○	⊙	◐	○	⊙	⊙		☰
Bangladesh	⊙	○	●	●	○		↗		☰
China	●			●		●			●
Indonesia	⊙	⊙	●	◐	●		↗		☰☰
Philippines	●	○	○	↗	●	○	↗		●
Vietnam	●	○	●	●	◐	↗			●
PNG	○	↗	⊙	○		⊙			☰☰
Russia	●	⊙	◐				●		☰☰

Legend:

⊙ Progressing but not enough ● With goal achieved ○ Standing still ◐ Significantly going backwards ↗ Some regressions ☰ Anti-poverty plan in design phase ☰☰ No plan but anti-poverty goals in the rest of government policies

Source: Social Watch 2000

of malnutrition in children under five, life expectancy, adult literacy, and political participation, suggest that the poor in the Philippines are less deprived than the poor in Indonesia.

Different dimensions of deprivation feed on each other. Poor nutritional and health indicators, for instance, make it much more difficult for the poor to earn income. Lacking in political and social empowerment, the poor hardly exercise any influence on government allocations of resources for social services. In contrast, the non-poor can easily capture the benefits of government-directed anti-poverty programs because of their social position and capacities. Thus, the overall effect of deprivation adds up to a much worse quality of life than apparent when considering the various dimensions separately. The poverty challenge is strongest in countries where such a “conspiracy” of negative factors handicap even the best policies. In these cases, as in South Asia, for example, making and sustaining progress in eliminating poverty turns out to be extremely difficult.

Struggling against obstacles

In combating poverty

Most ESCAP-9 countries have anti-poverty plans or have poverty reduction as a goal of specific policies and programs. And yet, on its face, the massiveness of poverty in this part of ESCAP tells us that the region is way behind targets. One major explanation that gets repeated in meeting after meeting is the unfriendly and disabling macro environment. Indeed, it has been a hostile environment since the Copenhagen Social Summit. Greater openness as a result of globalization has not translated into expected benefits for the ESCAP region's poor.

The Asian crisis of 1997, despite warning signs noted as early as the Copenhagen Summit, caught ESCAP members almost totally unprepared. Together with the negative impact of globalization, this crisis has been blamed for much of the failure to make desired progress and for the major reversals in social development in the ESCAP region.

There's differentiated experience, though, in backsliding to poverty following the 1997 Asian crisis. According to the dollar-a-day criterion, the overwhelming majority of Asia's poor live in South Asia. It is striking that while the financial crisis may have added 10 million more to the ranks of those living below a dollar-a-day income in East and Southeast Asia between 1996 and 1998, the number of dollar-a-day poor in South Asia increased by 17 million over the same period. Russia's economy, due to its internal weaknesses, nearly collapsed in 1998, causing poverty to return in a big way.

Table 4
Steps Forward, Steps Back in ESCAP-9

Country	Basic Education	Children's Health	Food Security & Infant Nutrition	Reproductive Health	Health & Life Expectancy	Safe Water & Sanitation	Reduction in Military Expenditure	Official Development Aid	Gender Gap in Literacy
India	⊙	⊙	⊙	⊙	●		○	□	○
Pakistan	●	⊙	⊙	⊙	⊙		○	□	○
Bangladesh	⊙	⊙	⊙	⊙	●			□	○
China	⊙	○	●	⊙	○	⊙	○	□	○
Indonesia	⊙	⊙	●	●	●		○	□	○
Philippines	⊙	⊙	○	●	⊙	○	○	□	○
Vietnam	⊙	⊙	●	⊙	○	⊙		□	○
PNG	○	○	○	⊙	⊙	⊗		□	○
Russia	○	⊙	⊗		⊗⊗		●	□	○

Legend:
 ● Significant progress ⊙ Progress ○ At a standstill ⊗ Setbacks ⊗⊗ Significant setbacks □ Not applicable ○ No data

Source: Social Watch 2000

The East Asian financial crisis vividly illustrates how societies that have fared extremely well in terms of composite human development indicators still pay the price of their dependency on a volatile global financial system. The instability of the market combined with inadequate social security provisions exposed the insecurity of advances made in East Asia's human development.

But while the world as a whole has not been on track to achieve its international development goals, progress in some countries and regions showed what's possible and what can be done, if there's a will and a right strategy to do it. China reduced its number living in poverty from 360 million in 1990 to about 210 million in 1998, to say nothing about the dramatic outcomes in other East and Southeast Asian countries in the past three decades. In short, eradicating poverty in ESCAP-9 within the agreed timeline is a practical goal, although perhaps not without costly social and environmental trade-offs.

For much of recent development history, the mantra of poverty eradication has been economic growth combined with a catching-and-provisioning approach. Meaning, grow the economy by all means possible, no matter the cost to society and the environment, and then catch and provide for the fallouts or those bypassed in the process. Policies and resources then adjust accordingly. But for many developing countries, the problem is less about catching the fallouts, but more about preventing those still standing from biting the dust.

The World Bank and the Asian Development Bank now take poverty eradication as the encompassing goal of their institutions. All lending and

nonlending policies and operations will have to demonstrate how they will contribute to that outcome. For the World Bank, poverty eradication rests on three pillars—opportunity, empowerment, and security. For the ADB, on economic growth, social development, and good governance. The same institutions that helped poor countries plan the way out of the poverty rut are helping do the review and re-planning for a renewed attack on one of the most enduring legacies of modern times. But from experience so far, the safety-net approach just won't do.

In building inclusive societies

The rich-poor divide, in its many forms, is tearing ESCAP-9 societies apart.

Poverty runs deep in the midst of affluence. Of the world's 2.8 billion poor, 44 percent live in South Asia alone. Ironically, this ESCAP sub-region has succeeded in making bumper grain harvests consistently in the last 10 years. India alone talks of a grains stockpile of 50 million tons while suicide among its poor farmers is becoming an everyday scare.

In rich countries, less than one child in 100 does not reach the fifth birthday, while in ESCAP-9's poorest countries, such as Bangladesh, as many as a fifth of children do not. And in rich countries, fewer than five percent of all children under five years old are malnourished, compared with as many as 50 percent in poor countries.

The reality of inequality and deprivation persists even though human conditions have improved more in the past century than in all of prior history. The world has never seen greater strides in wealth creation, in technical fixes, and in linking distant cultures. Alongside these advancements we see widening inequalities among and within nations and societies. The average income in the richest 20 countries is 37 times the average in the poorest 20—a gap that has doubled in the past 40 years. We see a few billionaires having much too much. The assets of the three richest persons in the world are more than the combined GNP of all least developed countries (LDCs); the richest one percent receive as much income as the poorest 57 percent of humanity.

Disparities between countries now have reached a high point in the much-hyped "Internet Divide." Rich and poor countries want to bring the Internet to the poor, or the poor to the Internet, so to speak. Poor countries have been trying hard to close this technology gap through access and transfer, and in the process have run smack into the Internet's formidable hierarchy of access that only widens and deepens further the rich-poor divide. The poor countries are able to have access, but at the cost of bargaining off their exports earnings and labor, and even their natural capital. The owners of technology have only been too willing to sell, but at a very high price. Every expansion of the new economy means more sales of hardware, software, connectivity, consultancy, and other information and communication technology (ICT) services. The gap has not narrowed down a tiny bit. In a new context, it's the same old game of catch-up all over again.

Against these odds, the ideal is still "a society for all," an inclusive society where every man, woman, or child has a dignified place on the table, based on respect for all human rights and basic freedoms, cultural and religious diversity,

social justice and the special needs of vulnerable and disadvantaged groups, democratic participation, and the rule of law, among other things.

Full enjoyment of freedoms and human rights has profound implications. As Amartya Sen puts it: "In the terrible history of famines in the world, no substantial famine has ever occurred in any independent and democratic country with a relatively free press." Some human-rights groups believe that the best way to prevent famine today is to secure the right to free expression so that misguided government policies can be brought to public attention and corrected before food shortages become acute. The irony of India having an abundant grains stock alongside a rising rate of suicide among farmers might need examination from a human-rights standpoint.

By and large, ESCAP-9 countries have made progress in achieving human rights, freedoms, and development for all. They have been signatories to most of the following declarations and conventions: Universal Declaration of Human Rights (UDHR) 1948, International Convention on the Elimination of All Forms of Racial Discrimination (ICERD) 1965, International Covenant on Civil and Political Rights (ICCPR) 1966, International Covenant on Social, Economic and Cultural Rights (ICESCR) 1966, Convention on the Elimination of Discrimination Against Women (CEDAW) 1979, Convention Against Torture (CAT) 1984, and Convention on the Rights of a Child (CRC) 1989. And yet many ESCAP-9 members, not to mention many other nations, have been finding these freedoms to be so hard and costly to honor.

In improving access

Access by the poor to basic social services such as primary education, primary health care, water, and sanitation has been consistently hampered by almost criminal negligence on the part of some governments. Moreover, social sectors usually rank low in government allocation priorities. On average, ESCAP-9 countries spend less than 20 percent of their national budgets on social development.

Adjustment policies, beginning in the 1980s, have only worsened the already lopsided public spending pattern. Almost invariably, structural adjustment programs in ESCAP-9 countries, and other developing countries in the ESCAP region, have been accompanied by cutbacks in social expenditures. As a result, access is made harder than it already is.

In the name of efficiency, the privatization of traditional public services and utilities has been a major component of adjustment policies. Imposed as conditionality to debt restructuring and fresh inflows of loan capital, this process of privatization now stands to serious question as to how it can truly benefit the poor.

Five years of World Trade Organization (WTO) have failed to bring improvement in the terms-of-trade between ESCAP developing member-countries and the industrial countries. In particular, the Agreement on Agriculture (AoA) has brought about massive dumping of agricultural exports from the developed countries to the developing world. Declining farm support for poor farmers has been hampering their capacity to produce, to trade their produce, and to keep their farm incomes from falling.

Decline in agriculture and increasing miseries in rural Asia were cited by developing ESCAP members during the review of the implementation of the Habitat Agenda (Istanbul+5) as being at the root of massive and continuous migration of rural poor toward the cities. They blame the WTO-AoA for their failure to make the desired headway in the implementation of the Habitat Agenda.

A related concern is the continuing focus of private investments in already developed areas where power, transportation and communication, and other services are already in place. Poverty, as in China, is often a matter of distance from the cities and from the new growth areas along the country's coastlines.

Not much has changed in the quality and allocation of official development assistance, or ODA, which has been declining over time, to begin with. Less than 20 percent of ODA goes to social development. Most of the benefits from it either flow back to its donor-sources through expensive procurements or are captured by the non-poor in recipient countries.

In the development of LDCs

Thirty-two of 35 countries in the low human development category comprise the group of least developed countries, or LDCs. Altogether, their population in 1998 totaled 613.5 million, with 76 percent living in rural areas and more than half of the total women. One of them, Bangladesh, and the most populous country in this class, is part of ESCAP-9. At their current growth rates, only four LDCs can be expected to cross the US\$900 GDP per capita threshold within 25 years. Other ESCAP members, like Bhutan and Lao PDR, may cross the threshold within 18-25 years.

The LDCs are not only the poorest with respect to income measures of poverty; they are also at the bottom when rated from other human development indicators. On average, 15 percent of all children born in LDCs do not survive to their fifth birthday—a rate almost double the developing country average—while the average life expectancy is no more than 51 years, compared with 65 years in developing countries and 78 years in the Organization for Economic Cooperation and Development (OECD) countries. LDCs have the highest illiteracy rates, the lowest rates of primary school enrollment, and the widest gender disparities in education in this world. On the other hand, infant mortality in LDCs appears to be declining. For example, figures in Bangladesh improved from 90.6 out of 1,000 children in 1990 compared with 72.8 in 1998.

The external debt problem of LDCs that began in the 1970s has continued to worsen. The nominal value of the total external debt stock grew from US\$121.2 billion in 1990 to US\$150.4 billion in 1998, equivalent to an estimated 101 percent of their combined GNP, compared with 92 percent in 1990. Their debt-servicing capacity deteriorated critically in 1998, as their earnings from exports declined by about 8 percent.

Between 1988 and 1993 the LDCs' terms-of-trade on average fell by about 12 percent, although there was an upturn in 1994-95 that was sustained until 1997. This worsened in 1998 and 1999, following the Asian crisis and due also to the drop in international commodity prices.

The general expectation around the 1990s was that globalization of the production systems and of finance, and the liberalization of economic activity, would lead to reduction of income disparities between countries within the global economy. True enough, the process of economic liberalization has proceeded apace in many LDCs. But contrary to expectations, overall progress in increasing real incomes, reducing poverty, and moving towards various international targets for human and social development has been slow and generally disappointing.

In financing for development

Since Copenhagen, there have never been enough resources and financing for development.

Increasingly, issues concerning progress in social development, or lack of it, have been converging around financing for development—the focus theme of the 2002 Mexico Summit. Where's the money to come from? Or is money the real issue?

There is the proposed 20:20 compact, an arrangement matching 20 percent of ODA with 20 percent of national budget of the recipient country dedicated to social development. But even if the compact is complied with, these funds would still be marginal.

World exports, now US\$7 trillion, averaged 21 percent of GDP in the 1990s, compared with 17 percent of a much smaller GDP in the 1970s. But as world exports more than doubled, the share of LDCs declined from 0.6 percent in 1980 to 0.5 percent in 1990 to 0.4 percent in 1997. And export earnings are usually lost to outflows on account of deteriorating terms-of-trade, rising debt service, profit repatriation, growing costs of natural resource depletion and pollution, and so on.

Foreign direct investment in Asia as a whole seems far bigger and growing, relative to ODA. World total ran up to US\$400 billion in 1997, up by seven times the level in real terms in the 1970s. But portfolio and other short-term capital flows are even bigger, now more than US\$2 trillion in gross terms, three times those in the 1980s. But how much of such investment has a direct positive impact on the poor is a big question. Portfolio investment and speculative capital was a major cause of the collapse of Asian economies in 1997. In 1998 daily forex turnover was US\$1.5 trillion, up from US\$10-20 billion a day in the 1970s—increasing the volume of volatile capital moving in and out of economies in one day. There has been a strong worldwide clamor for currency-transaction taxes, or CTTs, so-called. Will it work and can it tame and regulate the computer-aided global currency speculation?

International bank lending grew from US\$265 billion in 1975 to US\$4.2 trillion in 1994, and is probably still growing. While this may be a source of funding, rarely will a country borrow to finance social programs. On the other hand, urgent international action is in order to deal with the high costs of debt service, which has been draining scarce resources that should be used for social programs. In 1999, official debt service payments by developing countries totaled US\$78 billion. Swapping just 1.3 percent of this debt service would have raised

more than US\$1 billion for anti-poverty and environmental programs.

Official development assistance, about US\$50 billion yearly, has been declining steadily. Its quality has been a subject of intense debate. Yet if ODA were to dry up completely tomorrow, gains we may expect from better terms-of-trade and debt relief would still more than offset the loss.

Are peace dividends forthcoming? From all indications, defense budgets are rising. The Cold War is way behind us, but governments have found new justification for increasing their military spending, such as international terrorism in the case of Afghanistan, international traffic in illegal drugs, and growing intra-border and trans-border conflicts. Huge amounts of taxpayers' money are being funneled into the US strategic defense system in the name of security.

How much of domestic and local resources have been mobilized to fund social development? How successful have governments been in taxing the rich or reducing their tax exemptions and privileges, at the least? How can the rich be made to fund national anti-poverty programs?

Migrant workers' remittances reached up to US\$58 billion in 1996. Inflows from this source saved the Philippine economy from total collapse during the 1997 Asian crisis. How can these resources be mobilized to fund anti-poverty, development, and environment programs in the the places of origin of overseas contract workers?

How real are the so-called efficiency gains from good governance? How far has government progressed in combating corruption? In the Philippines, for example, massive and pervasive tax evasion and corruption in public procurement have been denying government much-needed resources for social development. Yet, curbing this malady has been a very slow and complicated process.

Regional cooperation

Cooperation for the eradication of poverty, for achieving full employment, and for building more inclusive Asian societies leaves much to be desired. For much too long, Asians have been overly dependent on developed countries outside the region for the resolution of many of the same problems that they probably could tackle by themselves if only they had more and closer cooperation. They might have been better prepared to face the 1997 Asian crisis if they had a stable system of cooperation in trade, investment, and finance, among other things. Such a system could have cushioned and tided them over even as they each were striving to correct their internal weaknesses.

ESCAP countries need to come together to address divided Korea, divided Kashmir, the stand-off between India and Pakistan, the ethnic and civil conflicts in Sri Lanka, the religious prejudices, and many other issues that continue to divide and destabilize societies in the region. As the conditions of its member-countries deteriorate the future is one of greater social conflicts and disorder. All these pose serious obstacles to social development.

Further initiatives

Worldwide, alternative voices and movements among ordinary citizens are forcefully demanding some respite from the whirlwind pace of globalization. This is to say nothing about the violence that has attended many of the protests against globalization. We hear the words of Donella Meadows resonating in many of these manifestations. And that is, that what we need is to *slow down* the rat race to an uncertain future, which, from many indications, is headed toward social and environmental disaster.

De-globalize might be the keyword. It is a multi-bladed word that suggests both positive and negative meanings, such as sharing ideas and resources freely across national borders, or a return to protection regimes of old, if not outright autarky.

For what many wish to see happening, de-globalization here is taken to mean promoting positive globalization—the global sharing of ideas, know-how, resources, goodwill and hospitality, the free movement of people, and mutual learning among different cultures. This probably is what we should be shooting for in our desire to build inclusive societies in a highly unequal world.

Given the five-year experience with WTO, and considering the lessons of the 1997 Asian crisis, it will be necessary for ESCAP to lead in setting up Asia-specific systems around trade, investment, debt, ODA, and financing, building on or even diverging from existing arrangements. As well, this might imply getting WTO out of agriculture and preventing this multilateral body from deciding the fate of small farmers and hungry millions, and whether and how food security can be achieved in the ESCAP region.

Closing the equality gaps within Asian societies is a prior basic concern for de-globalization to really happen. This is a matter of urgent concern that cannot be postponed any longer. ESCAP members must ensure that all policies and programs contribute to accelerating the social leveling process. This goes beyond the rhetoric of making poverty the all-encompassing theme and goal of national plans, programs, and resource allocations. It means much more than land and asset reforms and taxing the rich. Or asking the poor what they want and how they want to be helped to deal with their situation, and allowing them all the space and chances they need to be able to participate in every decision that affects their lives.

All told, it means concentrating our energies, our thoughts, our passion and actions on the main intellectual challenge of our time—the eradication of poverty and inequality in the ESCAP region, and anywhere in this world.

ISAGANI R. SERRANO, senior vice-president of the Philippine Rural Reconstruction Movement (PRRM), prepared this paper for the ESCAP Ad Hoc Expert Group Meeting in Bangkok in September 2001.

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