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## A NEW ECONOMY FOR POST 2015 DEVELOPMENT AGENDA TO ACHIEVE SUSTAINABLE DEVELOPMENT

### LATINDADD STATEMENT IN CONSULTATION WITH THE CAMPAIGN FOR PEOPLES GOALS FOR SUSTAINABLE DEVELOPMENT ON LATIN AMERICA REGIONAL GROUP TO THE 5th MEETING OF THE OPEN WORKING GROUP ON SUSTAINABLE DEVELOPMENT

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Latin American Network on Debt, Development and Rights (Latindadd)<sup>1</sup> as member of the Campaign for Peoples Goals for Sustainable Development<sup>2</sup> calls for a comprehensive reconsideration of economic welfare and social justice particularly from the perspective of Southern peoples and their integration into the global geopolitics on this decisive opportunity created by the Open Working Group (OWG) on Sustainable Development Goals (SDGs).

The current international development framework which has focused on the Millennium Development Goals (MDG) did not produce adequate and effective solutions to the problems of global inequality.. Inequality has been increasing and has been compounded due to the financialization of the global economy, the acceleration of global warming, and the neglect of human rights and a gender-based approach to development. To address these problems, it is necessary to adopt systematic and integrated changes in the economic and social system

Within the framework of this debate, the concept of sustainable development or sustainable human development, like all concepts, carry with them strong ideological motivations and thus presents diverse possible interpretations. In a more general sense, the dynamics that relate with the concept of sustainable development are, on one hand, the necessity to **halt overconsumption by one part of the global population**, and on the other hand, to **eradicate poverty and extreme poverty experienced by the majority of the population**. This should also contribute to stopping the destruction of the biosphere while at the same time realizing the conditions necessary for human development.

A Post-2015 development agenda should be based on common principles that include a differentiation of the countries according to their economic development, social needs and responsibilities with regard to the use of natural resources and global warming. In this sense, it is urgent that the Post-2015 development agenda redefine the dimensions of the discussions and address the broader framework. This should not be restricted to replicating global indicators at the country level but rather advance towards a broader understanding of the specificities at the regional and national level, as well as a differentiated matrix of political engagements.<sup>3</sup>

The first step that should be taken by the international community is to recognize that large-scale business, reckless investment, the current international monetary architecture, and the specificities and relations of power in the global economic structure has increasingly aggravated poverty and inequalities. With the elite's priorities governing at the global level, poverty and environmental degradation has increased instead of producing the desire effect of equitable wealth distribution and shared welfare.

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<sup>1</sup> LATINDADD is integrated by 17 institutions and organizations from 10 countries: Argentina, Bolivia, Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua and Peru, towards solving the problems derivate by the systemic crisis, contributing to international citizenship movement and to regional integration and democratic change in North-South relations. <http://www.latindadd.org/>

<sup>2</sup> Comitted with the Post-2015 process, the campaign not only intends to participate in the consultation process in the United Nations or that led by the government. This is an independent process of the civil society to promote awareness of the necessity for a system change, the formulation and fight for the goals of popular demands, linking with peoples' struggles, and reclaiming the right of the civil society for full and effective participation in negotiations, agreements, and implementation of policies related to development.

<sup>3</sup> The experience with the MDG has showed the importance of choosing the significant indicators and their limit values. For example, the threshold of "one dollar per day" does not adequately measure the real situation of poverty in a country. Choosing appropriate indicators is crucial for an adequate sustainable development agenda. <http://peoplesgoals.org/>

### **Systemic and “civilizing” crisis**

The expansion of the capitalist economic model, which prioritizes the market over fundamental rights, has created a propensity for recurring crisis. This has provided a way for global capitalism to purge excess capital and further the concentration of capital. With this came the destruction of businesses, employment, populations, ecosystems and cultures particularly in the Southern economies, thus aggravating further these countries need for development.

Nevertheless, the central mechanisms for managing global capitalism are deteriorating and from these we can begin to redefine strategies for sustainable development:

1) The financialization of the global economy. The channeling of enormous amounts of profits, savings, and funds towards financial investment, primarily through speculation, has created a source of profit generation that does not take into account the real economy nor the productive bases of countries. Currently the financial derivatives market<sup>4</sup> involves amounts that are the equivalent of approximately 10 times the current global GDP or more than 30 times the value of commodity contracts. Governments do not have any authority or even verified information over these financial markets. The uncontrolled flow of speculative capital distorts much of these markets to the point that it no longer serves to generate prices and hedging. The lack of convergence in prices and high volatility has made the markets of agricultural commodities unreliable with regards to price estimation and useless in managing risks for producers and consumers.<sup>5</sup>

2) Over-accumulation: The capitalist expansion has produced an enormous productive capacity due to the widening of global production chains and the oversupply of cheap labor force. This has resulted in an increasing deregulation of labor markets at the global level at the cost of the labor rights of millions of workers. The control of transnational corporations in industrial and agricultural production and services resulted in the concentration of wealth. Furthermore, transnational corporations' operations have devastated the environment since its demands for natural resources in terms of quantity (the most possible) and time (the least possible) works against nature's regeneration capacity and results in pollution, devastation, erosion, and deterioration of the planet.

3) Overexploitation of work, social exclusion and gender inequality. The overexploitation of labor not only means salary and social protection restrictions but also exposure to occupational risks and hazards, the premature deterioration of the workforce, and the possibility of being fired and excluded from the circle of production and consumption. Similarly, unpaid domestic work which most often falls on to women's hands has contributed to the reproduction of labor and social force at the expense of maintaining gender inequalities.

4) Environmental depredation. Renewable and non-renewable natural resources are incorporated in the circle of capital valorization without considering the damage caused to the ecosystem or the dispossession of populations in exploited lands. The push to produce maximum profits in the least time possible is done to regenerate and is devastating for non-renewable resources. At the same time, there are associated problems like pollution, climate change, and in some cases, the scarcity of vital resources like water and necessary resources such as oil. Even more so, the symbiotic relationship between humanity and nature has seen to be severely compromised not because of purely technical problems, but rather due to the social relations of dominant production in the global level.

5) Growth without redistribution. The obsession with growth supported by the dominant economic system encourages environmental exploitation, the use of more fossil fuels and the destruction of biodiversity while undermining the provision of essential services. Countries compete in a race to the bottom, offering the lowest taxes and cheapest labor to attract investors. Fiscal policies have allowed tax evasion. Investment agreements and bilateral and regional trade erode the social, environmental, human rights norms and limits governments' room to manoeuvre. These policies have strengthened the power of investors and big corporations through deregulation, commercial and financial liberalization, tax exemptions or reductions, and have weakened the role of the State and its capacity to promote human rights and sustainability.

The formal representations of the systemic and “civilizing” crisis are not inherent in the relations of power. The platform of transnational power brings together transnational corporations, imperialistic states, international organizations, and political parties around neoliberalism. Nevertheless, the concentration of power has been so strong that it has dismantled projects and political stakeholders (as regional integration blocks) that could produce social change.

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<sup>4</sup>Currently, this is being negotiated in two spaces: i) in the futures market, or “organized markets” and ii) in the space of “transactions between private individuals” (“Over-the Counter” - OTC).

<sup>5</sup> Countries such as China and India prohibited in 2008 the sale of futures in products such as rice which is probably one of the reasons why its price managed to be stable during this new price spike. This is in contrast products such as corn and wheat in the same time period which experienced descending prices in the “world's breadbasket” such as Russia and Australia.

An alternative development agenda in this regard cannot be centered in the global processes without taking into account national and regional specificities. One of the lessons of the MDGs was the impossibility of standardizing the said realities and the need to create spaces to redefine the structural causes of inequality and poverty. Change happens through recreating regional spaces to allow the establishment of peoples' own political spaces that recover the agency for action of Southern countries in taking charge of their own agenda and national development needs with an approach to supranational, financial, food, and climate sovereignty.

### ***A new International and Regional Financial Governance for viable development agenda***

The determination of commodities prices from speculative practices due financial deregulation, have consolidated "reprimarization" process in Latin America economies<sup>6</sup>, based on extractive industries proliferation with devastating impacts on people's lives and ecosystems, particularly the most vulnerable ones. This is a clear example of how economic growth overlap with high levels of inequality, pollution, high levels of unemployment and underemployment, among others.

The last decade has been raised by progressive governments in the region and from civil society, the configuration of a New Regional Financial Architecture. This proposes the creation and strengthening of regional financial institutions to promote south-south cooperation, addressing speculative shocks, attract higher levels of investment for production diversification, and rethink the implementation of energy infrastructure megaprojects with an effective rights approach which internalize the environmental and social impacts. We note that the initiatives of public-private investment in infrastructure, must prioritized the public welfare on integration and benefit of the peoples, and not become only a leverage mechanism for private sector.

We show our concern for how these issues are being debated in closed, non-participatory spaces as the G20. United Nations in the context of the post-2015 development agenda have the opportunity to retake the lead in this debate, articulating with the specific development needs of countries and regions. From our organizations we call for the SDGs effectively reflect this effort and consolidation of global governance.

### **A new economy and a new sustainable development agenda from the people**

A revision and reformulation of the MDGs is needed in order to create proposals which other than act upon the causes of poverty also ensure the pursuit of common welfare and the reproduction of life in the planet. This redefinition includes the theoretical approaches contributed by social movements, such as:

- The self-management of common goods as a basis for economic democracy which guarantees the participation of the workers in the management of the economy in every level (micro and macro). This model is a balance between state and social management of the economy, regulating and reducing the decision-making power of the market and the private sector as well as private property. This promotes the use of the means of production based fundamentally on safeguarding the common good and environmental sustainability.
- Fair trade, ethical financing, responsible consumption, etc., which clearly shows in practice that the market can be regulated and controlled by peoples to serve the common good and avoid labor exploitation.
- The feminist economy has brought attention to the state of overexploitation caused by patriarchal capitalism on women workers and highlights the struggle for the recognition and value of familial care work for human development and good living.
- The ecological economy brings with it scientific and technological proposals founded on agroecology, biodiversity conservation, biosphere reproduction and, with it, the reproduction of human life in the planet.
- Social Solidarity Economy is the product of the synthesis of contributions of the political economy of work, developed by different thinkers and social scientists during a process of critique and the struggle to change the current logic of an economy based on profit-seeking to the detriment of the common good. It is very important to redefine a new economy centered in human life.
- Food Sovereignty is the right of peoples and workers, especially peasants, to have access to the means of production in order to produce consumer goods in sufficient quantity and quality for the full satisfaction of the population's basic necessity in accordance with their cultural values.
- Good Living is the practice of making use of material, political, educational and informational means, not only to ethically fulfill the biological and cultural needs of every individual but also to ethically guarantee the fulfillment of

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<sup>6</sup> This involves a shift from diversified import substitution industrialization to increased dependence on agro-mineral export

everything that can be warranted by personal freedom without compromising public freedom. The solidarity-based good living implies respecting personal desires and promoting their fulfillment in the same manner that it respect public desires and their fulfillment.

These are the primary contributions of contemporary social thinking promoted by distinct social movements. They call for considering the common good as the basis for humanizing the economy and developing a culture of cooperation and respect.

Latindadd recognizes that sustainable development cannot be achieved without addressing the structural causes of inequality, poverty, and environmental degradation. We call for governments and the international community to adopt concrete agreements and objectives in keeping with the common but differentiated responsibilities according to the respective capacities on the following priorities:

#### ***Hunger and poverty and inequality eradication***

- a. Change the current economic and social development approach of international organizations and governments for an approach and paradigm of reproducing the global good and the conservation of life in the planet. The Good Living.
- b. Create an institutional framework and public policies that facilitate and promote the redistribution of the means of production and the reproduction of common goods as a strategy to realize equitable distribution of wealth and natural resources.
- c. Reformulate economic and social indicators for measuring welfare to adopt an environmental and gender- equality approach, and create tools that would show the socio-economic and environmental impacts. These indicators should include a geographical approach which will show the geographical disequilibrium and the adaptation of the said indicators in different contexts and population groups.
- d. Apply fiscal tools and public policies based on the goals of common good, and instead implement progressive tax policies.
- e. Stimulate and strengthen the establishment of generalized norms of fair trade, ethical financing and responsible consumption, as much at the national as well as the international level.

#### ***Gender Equality***

- f. Recognize the contribution of the paid and unpaid care economy engaged in mostly by women as a fundamental contribution to economy, people and nature sustentability.
- g. Strengthen the leadership of women, recognizing them as key political actors in development and the sustainability of life.
- h. Promote a system or global model of Gender Sensitive National Accounting and Budget that values and includes the care work, reproduction, and the sustainability of life (family, environment), especially done by indigenous women and women in rural communities.

#### ***Environmental sustainability***

- i. Improving regulation policies to internalize the negative impacts of extractive industries, infrastructure and energy megaprojects
- j. Promote among governments development of re-education programs for consumers for energy efficiency in their business and institutional plans.
- k. Governments and international organizations should guarantee the rights of Mother Earth and nature as the base organisms of life in the planet.

Latindadd, in support of the Campaign for People's Goals, calls for real sustainable development based on the principles of human rights, equality, self-determination, social justice, gender and ecological justice, and culturally sensitive strategies for a development that values diversity.