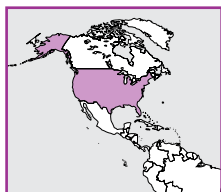


Bold action needed to put people first



The US continues to play a unique and leading role in setting global priorities, but the economic meltdown together with the emerging threats presented by climate change have dramatically increased domestic needs and placed new budget constraints on spending for foreign assistance. The worst economic crisis since 1929 has accelerated the decades-long erosion of hard-won gains in human rights, economic opportunity and social justice. At the same time, citizens groups, community organizers and social entrepreneurs across the country have been developing bold and innovative solutions to the country's most challenging problems.

Global-Local Links Project

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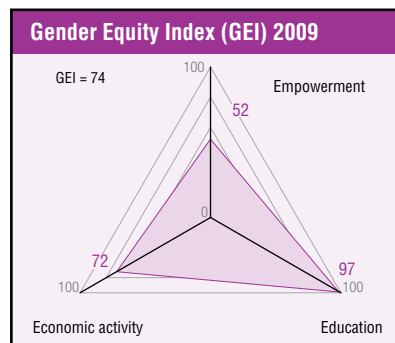
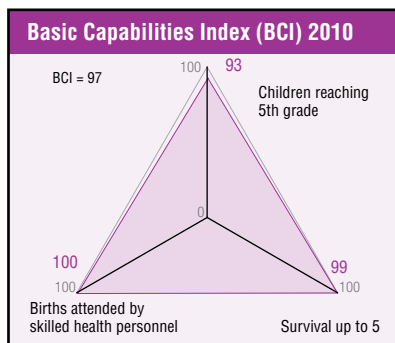
Lane Vanderlice

The US was one of the 189 countries that committed to the Millennium Development Goals (MDGs) at the historic UN Millennium Summit in 2000. The 2010 MDG Summit will no doubt showcase the concerns of millions of people in the US and across the globe, whose interests continue to be undermined by an economic and financial architecture incapable of prioritizing their interests. It will also provide a timely opportunity to inspire government and civil society commitments to the spirit of the Millennium Declaration – a world without poverty.

In 2009, president Barack Obama affirmed that the MDGs are "America's goals." The action and investment needed to address MDG goal areas like poverty and hunger, education, gender equality, maternal and child health, HIV/AIDS and environmental sustainability are needed in the US as well as globally.

The worst economic crisis in decades has accelerated the decades-long erosion of hard-won gains in human rights, economic opportunity and social justice in the US. Years of official public policy that gave precedence to the wisdom of markets over investing in people and communities has deepened and intensified the impact of the crisis.

The need for local, state and national benchmarks and accountability for human and community well-being has never been more evident. In September 2009, the US Census Bureau announced a significant jump in the poverty rate, from 12.5% in 2007 to 13.2% in 2008.¹ Figures for 2009 and 2010 are expected to continue this trend. The top 1% of households absorbed two-thirds of the total income gains between 2002 and 2007, resulting in the highest level of income concentration since 1928.²



Employment levels in the most economically advanced nations, including the US, are not expected to regain pre-crisis levels until the middle of 2013 with other employment indicators lagging until 2014.³ As of January 2009, unemployment was 18.9% for workers aged 16-24, 8.6% for those aged 25-54, and 6.8% for those aged 55 or more, representing increases of 7.1%, 4.5% and 3.6%, respectively since 2007. By race, official unemployment was 16.5% among black workers, 12.6% among hispanic workers and 8.7% among white workers, representing a rise of 7.5%, 6.3% and 4.3%, respectively.⁴ Joblessness among black men today is almost as high as during the 1930s; the rate for black teenagers has climbed to a shocking 38%.⁵

While the rise in unemployment and underemployment has been well documented in the US and globally, less attention has been given to a perhaps more dangerous trend that predates the crisis – jobless economic growth. Between 1999 and 2009, despite positive macroeconomic indicators, US employment did not grow at all.⁶ This highlights the need for more aggressive and innovative efforts to create jobs, revamping unemployment compensation and rethinking the social contract. To date, even the most progressive stimulus efforts have fallen short

of addressing the long-term implications of this new economic environment.

The 2009 report of the UN Special Rapporteur on Housing praised the administration's commitment to increase funds for housing, mortgage modification, neighborhood enhancement and emergency recovery initiatives through the American Recovery and Reinvestment Act. The report also noted an alarming trend: millions of poor and working class Americans confront growing barriers to affordable and adequate housing, as evidenced by the increasing numbers of families and individuals who are either homeless, living in shelters or forced to reside in other inadequate situations.⁷ Some 30% of the nation's 50 million homeowners own a house with a current value below the mortgage balance; this number could rise to 50% by year-end 2011.⁸

In 2010, the president signed the landmark Affordable Health Care Act, after a bruising legislative battle. Some were disappointed at the absence of an option to purchase a federal government-run plan, also known as a public option. The sweeping new law includes measures that increase insurance company accountability, reduce healthcare costs and expand health care options for all Americans.⁹

Priorities matter: follow the money

Government efforts to address domestic issues ranging from education to energy independence to small

1 Gregory Acs, "Poverty in the United States, 2008," *The Urban Institute | Research of Record*. Available from: <www.urban.org/urfi.cfm?ID=901284>.

2 Office of the Vice President, "Annual Report of the White House Task Force on the Middle Class," February 2010. Available from: <www.whitehouse.gov/sites/default/files/microsites/100226-annual-report-middle-class.pdf>.

3 ILO, "Global Jobs Pact: North America."

4 Economic Policy Institute, "Unemployment Drops to 9.7% despite More Job Losses." Available from: <www.epi.org/publications/entry/jobs_picture_20100205/>.

5 Orlando Patterson, "For African-Americans, A Virtual Depression—Why?" *The Nation*. Available from: <www.thenation.com/article/36882/african-americans-virtual-depression>.

6 Barry Lynn and Phillip Longman, "Who Broke America's Jobs Machine?" *Washington Monthly Webcast*. 4 March 2010. Available from: <www.washingtonmonthly.com/features/2010/1003.Lynn-longman.html>.

7 See: <www2.ohchr.org/english/bodies/hrcouncil/docs/13session/A.HRC.13.20.Add.4_en.pdf>.

8 Leo Hindery, Jr., "Our Dirty Little Secret: Who's Really Poor in America?" *AlterNet*, 9 March 2010. Available from: <www.alternet.org/story/145950/>.

9 "Understand the New Law—HealthCare.gov." Available from: <www.healthcare.gov/law/about/index.html>.

business development to poverty and hunger are limited by overall federal budget priorities. To date, USD 1.05 trillion has gone to finance the wars in Iraq and Afghanistan, including a USD 136.8 billion appropriation for the 2010 fiscal year.¹⁰ The 2011 proposed military budget is thirteen times the total of all non-military expenditures for international relations, including the State Department, which came to about USD 54 billion in 2009. If approved, this translates to investing USD 16 on military force for every dollar spent on homeland security, and USD 7 for each dollar spent on international affairs and homeland security combined.

While the financial crisis has exacerbated the significant budget deficit inherited from the previous administration, the increasing militarization of federal expenditures is central to addressing the deficit. President Obama and Defense secretary Robert Gates have each signaled their intent to curb military spending.¹¹ Obama's campaign promise of a "sweeping shift" would require cutting – rather than simply slowing – the rise of Bush-era military allocations, which now devour a higher proportion of GDP than at any other time since World War II.¹²

Citizen led efforts, including some by wealthy Americans are advocating a range of responsible budget proposals, from estate tax reform to ending Bush era tax cuts for households with annual incomes above USD 250,000. President Obama established the National Commission on Fiscal Responsibility and Reform, with a mandate of finding ways to balance the budget by 2015 and improve the country's long-term fiscal health. The Commission will consider numerous proposals in the coming months, including a reduction in military spending and a tax on financial speculation, among others.¹³

Re-building US credibility on the global stage: mixed progress

President Obama has hit a number of roadblocks to fulfilling his campaign pledge to double foreign assistance. The economic meltdown, dramatic increases in world hunger and emerging threats presented by climate change have dramatically increased global needs while placing new domestic budget constraints on foreign assistance spending. The president's budget request for fiscal year 2011 includes USD 56 billion for foreign assistance, a significant increase over the 2010 request, but still less than one-tenth of the military budget. It includes USD 18 billion for poverty and development assistance, USD 1.9 billion

for food aid and USD 16 billion for security assistance (including foreign military assistance and anti-narcotics programs).¹⁴

Progress is still needed on addressing structural problems in US foreign assistance. At present, it is administered by 24 government agencies, with some duplicating or contradicting each other. The Presidential Study Directive on Global Development Policy has been set up to review the current system and recommend changes. Congress is also working on legislation to overhaul foreign assistance programs, but like so many others, these have been delayed by the protracted struggle over health care and financial reforms.

Promising proposals include a major new initiative to develop a comprehensive approach to the global food crisis that encourages new investments in sustainable agriculture and giving priority to programs for small-holder farmers and women. On the other hand, the Government continues to advocate trade liberalization as a solution to global hunger, despite strong evidence that free trade has undermined food producers around the world. Similarly, the Government favors biotechnology initiatives over support for other technologies – despite considerable evidence that such programs do little to increase the availability of food.

The US continues to play a unique and leading role in setting global priorities, particularly in the continuing efforts to redesign the global financial architecture. At the same time, the G20, BRICS¹⁵ and other emerging geopolitical configurations are also shaping and shifting global economic and political power relations. It is often argued that the US Government bears particular responsibility for the 2008 global economic and financial crisis due to its lax regulation of the domestic financial system and its long advocacy of global deregulation and trade/financial liberalization. These policies, pursued systematically through the World Bank and the International Monetary Fund (IMF) since the 1980s, have increased the vulnerability of developing country economies to external factors, a trend intensified by the crisis.

The administration was criticized in Congress and abroad for its support of an unprecedented infusion of USD 750 billion for the IMF at the London G20 summit in 2009. The Fund had been on the verge of irrelevance due to the widespread distrust generated by its handling of previous crises and other concerns. The infusion of funds allowed the IMF to carve out a central role in the crisis response without having made badly needed internal reforms and external changes to fundamentally revise the policy prescriptions it has long imposed on developing country borrowers, including the fiscal policy constraints that operate to contract growth and intensify economic recessions. The negative impact of these prescriptions are highlighted by the policies adopted by some of the Fund's major shareholders, including the US, which are totally at variance with those imposed on developing countries.

Failure to introduce fundamental reforms at the IMF undermines even the most innovative proposals.

This is the case, for example, with the infusion of USD 283 billion into Special Drawing Rights (SDR), which are assets recipients can use as either interest-free reserves or to facilitate borrowing of hard currency at a preferential interest rate. Because the SDRs are distributed based on member country shares in the IMF, important innovations that would have enhanced their beneficial impact in developing countries could not be introduced. The rapidly worsening debt situation of many countries suffering from increasing fiscal deficits and lower export revenue could have been mitigated by a combination of increased policy flexibility and further rounds of debt forgiveness or debt moratoria, rather than additional debt.

Toward the future: bold action needed

The results of the 2010 census will provide important information about new opportunities that call for citizen leadership and policy entrepreneurship, particularly as it relates to reweaving the nation's tattered safety, community development and physical infrastructure. These efforts must go beyond the important short term intervention that stimulus initiatives have provided.

The president and the public have learned some hard lessons about what it means to make "change" real in an increasingly toxic political environment. Civil society must continue to demand real leadership in addressing the issues that most concern people in their daily lives. Citizen groups, community organizers and social entrepreneurs in communities across the country are developing bold solutions to many of the most challenging problems. At the national level, proposals include creating a new national human rights entity to ensure that economic, social and cultural rights are recognized together with civil and political rights, along with calls for action to ratify the long-stalled Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW). All these efforts require strategic partnerships with effective government allies.

The US has an unprecedented opportunity to provide principled leadership for a long overdue redesign of the economic and financial architecture, domestically and globally. In 1944, during another defining moment in US and world history, president Franklin D. Roosevelt called for a sweeping "economic bill of rights." His vision included a right to health care, education and a job with a living wage sufficient to pay for adequate food, clothing, recreation and a decent home along with a safety net that would provide protection from impoverishment caused by old age, sickness, accident or unemployment. "We cannot be content, no matter how high the general standard of living may be, if some fraction of our people – whether it be one-third or one-fifth or one-tenth – is ill-fed, ill-clothed, ill-housed and insecure."¹⁶

A country and a world free of poverty, grounded in principles of democracy, human rights, opportunity and economic justice surely is within reach. Achieving these goals requires bold vision and action that places people at the center of the economic recovery. ■

10 National Priorities Project, "Cost of War." Available from: <www.nationalpriorities.org/costofwar_home>.

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12 Miriam Pemberton and Suzanne Smith, "Budget Makes No 'Sweeping Shift' in Security Spending Yet." Institute for Policy Studies: Ideas into Action for Peace, Justice, and the Environment. 26 February 2009. Available from: <www.ips-dc.org/articles/1118>.

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16 "Text of FDR's 1944 State of the Union Speech," Franklin D. Roosevelt Presidential Library and Museum. Available from: <www.fdrlibrary.marist.edu/archives/address_text.html>.