After the fall: a New Deal is imperative

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The good news is that the *People First* strategy works. *People First* was the title of the 2009 annual report of Social Watch and its main message. We argued, based on evidence from around the world, that the ethical imperative of investing in people living in poverty, women in particular, was also the best economic strategy to combat the global economic crisis after the collapse of Wall Street at the end of 2008.

One year after, this is exactly what happened in places as far apart as China and Brazil, two developing countries severely affected by the crisis that took fast and decisive measures to stimulate local consumption by helping its poorest people. According to the Brazilian Social Watch coalition "recovery was achieved on the strengths of domestic demand, fed by policies to raise the minimum wage; social policies, of which *Bolsa Família* (Family Grant) is the most important; credit expansion policies led by public banks; and, to a lesser extent, fiscal policies under the umbrella known as Program for Growth Acceleration. Lower income groups were also the target of policies that have been expanding the number of people receiving cash benefits (equal to a one-month minimum wage), such as (…) people with disabilities, poor people over 65 years old, and extended retirement benefits to rural workers (even in the cases where no previous contributions were made)."

Less than USD 7 billion invested in *Bolsa Família* were not only a success for the reduction of extreme poverty, but also "provided important support for domestic demand, particularly for non-durable consumption goods. Since poor families tend to consume all of their income, these grants (built) a floor under any possible reduction of consumption in the country. Expenditures based on *Bolsa Família* (…) become somebody else's income, which will also be spent, giving additional stimulus to other activities. The decentralized nature of the program allows these stimuli to be directed at local activities, magnifying the impact on employment and on additional consumption."

The bad news is that around the world most countries directed trillions of dollars to the other end of the economic chain, via tax cuts to the rich or subsidies to banks and big corporations and then those plans, which did not really help to reduce unemployment, were stopped or reduced as soon as the financial sector became profitable again.

This is the case, for example, in Canada, where the local Social Watch coalition reports that "deficit reduction is being used as a cover to further reduce social spending. While stock markets, corporate profits and GDP rebound from the massive global financial meltdown, it is expected that full recovery for the privileged will be accompanied by further backsliding in equality and development levels at home and abroad."

Even more devastating effects of the crisis are reported by some developing countries. In Indonesia, for example, the national Social Watch reports that "the global financial crisis has placed an additional burden on top of problems as a large foreign debt, corruption and a lack of consistency between macroeconomic policy on the one hand, and concrete actions to reduce poverty on the other. The severest effects of the crisis have been felt by workers, since companies lay off their employees as a first option to save their assets."

According to the estimates by the World Bank and the International Labour Organization, the number of people around the world losing their jobs or falling below the extreme poverty line is counted by the tens or even hundreds of millions. In many countries, Slovakia among them, the national Social Watch reports observe a tendency by politicians to promote "xenophobia, intolerance and discrimination against minorities" as a way to govern with double digit unemployment figures.

Unkept promises

A decade ago, at the Millennium Summit, over 100 heads of State or Government signed this pledge: "We will spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected." The eight Millennium Development Goals or MDGs, extracted out of the Millennium Declaration set time-bound targets, the first of which were to reduce by half, between 1990 and 2015, the proportion of people living in extreme poverty and who suffer from hunger. The MDGs collectively summarized the most urgent collective tasks of the international community, created benchmarks and agreed standards against which governments and international organizations can be made accountable and inspired unprecedented global mobilizations, such as the "make poverty history" campaign of 2005 with billions of people around the world watching the simultaneous "Live 8" concerts.

Speaking to the heads of State in September 2005, when the MDGs were reviewed, five years after the Millennium Summit, Leonor Briones, from Social Watch-Philippines, said on behalf of civil society organizations: "The Millennium Development Goals will not be reached by 2015, [if] the environment continues to be devastated, and global issues on trade, debt and official development assistance remain unresolved."

Goal 8 of the MDGs called explicitly for the establishment of *global partnerships* around trade, aid, debt cancellation and technology transfer in order to enable developing countries to achieve the other seven goals on poverty and hunger, health, education, gender equality and environmental sustainability.

Some progress has been made towards this goal in terms of cancelling the bilateral and multilateral external debts of some of the poorest countries, Nigeria and Iraq, but this is far from enough. On trade, there are no positive moves. A *development round* of trade negotiations started in Doha in September 2001. Its development component is insignificant and even so it is still far from being concluded. Technology transfer has been made even more expensive by the strict enforcement of intellectual property rules. Foreign aid has not increased at all. It was 0.44% cent of the income of the donor countries in 1992 and 0.43% in 2008.

The non-compliance of developed countries with their commitments under Goal 8 is certainly not unrelated to the lackluster progress on the other Goals. Mr. Ban Ki-moon, the Secretary-General of the United Nations acknowledges this "failure to deliver on the necessary finance, services, technical support and partnerships" and adds that it was "aggravated by the global food and economic crises as well as the failure of various development policies and programs." Thus "improvements in the lives of the poor have been unacceptably slow to achieve, while some hard won gains are being eroded."[1] The uneven distribution of resources within developing countries is another major obstacle. During the first years of the 21st century, many developing countries experienced high levels of economic growth, but poverty reduction and job creation lagged behind.

Sakiko Fukuda-Parr, former editor of the UNDP's Human Development Report argues that the MDGs "were political commitments, made by world leaders, that define priorities in a normative framework and that can be used as benchmarks in evaluating progress. In this framework the appropriate question is whether more is being done to live up to that commitment, resulting in faster progress." The research she conducted while studying the evolution of each of the indicators over time, instead of looking at the targets being met, shows that "for example, while access to safe water is touted as an MDG success, only a third of the countries improved at a faster rate after the year 2000." In summary, "in most indicators and in most countries, progress has not accelerated" in the last decade, when compared with the previous one.[2]

1 "Keeping the promise: a forward-looking review to promote an agreed action agenda to achieve the Millennium Development Goals by 2015," General Assembly document A/64/665, United Nations 2010.

2 Sakiko Fukuda-Parr and Joshua Greenstein, *"How should MDG implementation be measured: Faster progress or meeting targets?"* International Policy Centre for Inclusive Growth–UNDP, Working Paper number 63 May, 2010.

The same conclusion is reached by a UNDP study of development trends in the last four decades, as reflected in the Human Development Index (HDI) since 1970: "We find that 110 of the 111 countries show progress in their HDI levels over a 35-year period. HDI growth is fastest for low-HDI and middle-HDI countries in the pre-1990 period."[3]

Not surprisingly, this is the same conclusion of Social Watch's own analysis of the Basic Capabilities Index, which combines some key MDG indicators (see the figures in this same report): While the key social indicators still show progress, its improvement decelerates after 2000.

And those findings are consistent with the reports from the grassroots. In Nigeria, for example, the local watchers observe that "civil society organizations have pointed out that practically all projects focused on achieving the Millennium Development Goals (MDGs) are lagging behind."

The official positive spin on the MDG assessments relies mainly on the World Bank figures for Goal 1. Defining and measuring poverty by income alone, the World Bank comes to the conclusion that the number of people living under extreme poverty line of USD 1.25 a day decreased from 1.9 billion in 1981 to 1.4 billion in 2005, when the last international survey was conducted.[4]

Brazil, Vietnam and particularly China account for most of that reduction. In fact, in China alone, the number of people under that line decreased from 835.1 million in 1981 to 207.7 million in 2005. A reduction of 627 million in China, while in the same period the world reduction was 500 million, means that outside China, poverty increased in that period by more than 127 million people.

In fact, according to the 2010 progress report by the Secretary-General of the United Nations, the number of people under the $1 a day poverty line "went up by 92 million in sub-Saharan Africa and by 8 million in West Asia during the period 1990 to 2005." Further, "the poverty situation is more serious when other dimensions of poverty, acknowledged at the 1995 World Summit for Social Development, such as deprivation, social exclusion and lack of participation, are also considered."[5] And those figures refer to 2005, when an international survey on household incomes was conducted that allowed the establishment of the PPP (Parity Purchasing Power of the different national currencies, used to adjust the poverty line).

Since 2005, according to the World Bank, the food crisis and the global financial crisis have sent at least another 100 million people under the poverty line. From a grassroots perspective, this is summarized by the Senegalese Social Watch report in a few dramatic words: "Poverty is spreading, and is also becoming feminized and is mostly rural."

More aid is needed, but is nowhere to be found

Many Social Watch national coalitions in poverty stricken countries come to the conclusion that the only way to achieve the internationally agreed goals by 2015 is through more aid from the international community.

This is the case reported by Social Watch-Benin, where the government resources are constrained by external and internal debt and foreign direct investment is not flowing in at the required volume, and pays no taxes when it does, leaving the country at the mercy of foreign donors to pay for badly needed basic social services. And similarly in Tanzania, where the local report finds that "the efforts of the Government to improve the lives of Tanzanians have been in vain, primarily due to the lack of commitment on strategies both at the national and international levels: ODA disbursement is often late and does not go with the Tanzanian national budget process."

In the Occupied Palestinian Territory (OPT) the inflow of aid has created what the national Social Watch report calls "apparent improvement" in the West Bank economy, but the overall picture remains "fragile", particularly in the Gaza Strip where the continued Israeli siege and blockade undermine prospects for development, perpetuating a deepening humanitarian crisis. Since 2007, when the blockade of Gaza was imposed, extreme poverty has tripled in Gaza, which is probably the most aid-dependent area in the world, with over 80% of the population relying on food aid.

Afghanistan, another conflict-affected country, is the second top aid recipient (after Iraq), but still the local social-watchers conclude that "more and better aid is imperative," since conditionalities associated with development assistance and the practice of tying aid to only buying from the donor country or hiring donor's nationals as consultants erodes the usefulness of the grants. Much more money is spent in the war in Afghanistan than in helping people and since "nearly all the major donors are also belligerents; there is no space to talk about humanitarianism."

Meanwhile in Somalia, also torn by warring factions, the reluctance of donors to deal with either regional armed groups or the national authorities has created a situation where "resources from piracy are almost as significant as those coming from the European Commission." In Somalia's gender-biased society, war and poverty hit women the hardest and hard working civil society organizations like those that report through Social Watch struggle against desperation to preserve community links as a basis for any future reconstructions efforts.

Peace is a pre-condition, but it is not enough. In Lebanon, the national Social Watch report observes that "since 1992 the post-war financial architecture has combined expansionary reconstruction policies with restrictive monetarist ones, leaving narrow fiscal spaces for socio-economic development." The main conclusion is that, in order to respond to the priorities of reducing poverty and discrimination, "development should be rights-based."

The case of Guatemala shows that, in the opinion of the local watchers, if structural problems of inequality of wealth and income distribution are not addressed, it is "difficult to develop an effective fight against hunger, which continues to represent a systematic violation of human rights in the country. Thus, the impact of development aid has been slight, particularly as regards the poverty reduction strategy, the peace program and the fulfilment of the Millennium Development Goals (MDGs)."

In Cameroon the "watchers" have joined other civil society organizations in demanding for the management of international aid to become more efficient, by improving coordination, involving citizens and taking gender into account. And similarly in Morocco, while ODA is "scant," it faces major implementation problems by the lack of concerted efforts between the Government and civil society organizations, particularly in the priority area of education.

A major "acceleration" in the progress towards the MDGs, as requested by international organizations, seems very unlikely, considering that in spite of all evidence of its being badly needed, development assistance has not increased substantially in the last decade and is likely to be reduced as a consequence of the crisis. Thus, in Germany, while Chancellor Angela Merkel insists that "we are, and remain, committed to achieving the Millennium Development Goals for Africa" as a "moral responsibility," her Development Minister, Dirk Niebel, comments that "there would be no way we could achieve an ODA ratio of 0.51% in just one year" as committed by the EU. Germany's ODA contributions in 2009 were USD 2 billion less than in 2008.

Development Assistance also went down in Poland, even when it was already very low, as well as in Spain, reversing a recent trend to increase it. Due to the financial crisis, the promise of Portugal to maintain its level of aid is judged as "questionable"

3 George Gray Molina and Mark Purser, "Human Development Trends since 1970: A Social Convergence Story," Human Development Research Paper 2010/02, UNDP, , 2010.

4 Martin Ravallion, and Shaohua Chen, "The developing world is poorer than we thought but no less successful in the fight against poverty," World Bank, 2008; see also UN, Millennium Development Goals Reports, 2009, 2010.

5 *Keeping the promise: a forward-looking review to promote an agreed action agenda to achieve the Millennium Development Goals by 2015*, Report of the Secretary-General, February 2010].

by the local watchers. Bulgaria is also falling short on meeting the targets or ensuring the quality of its assistance. Much worse is the situation in Italy, where in spite of its G8 presidency last year, the Government is "dismantling" its development cooperation. Some countries like Malta, which showed positive figures, are shown by the local watchers as engaged in creative accounting, by adding to the reported ODA resources spent locally to support migrants and refugees. Other countries, such as Slovenia have "neither a strategy for development cooperation nor a system to evaluate aid efficiency." And, on top of this, the commitments "will be difficult to uphold in the current situation, with national budget cuts in almost every sector."

Finland seems to be one of the few exceptions, since the new Development Policy Program has introduced a remarkable shift. Yet, the Finnish watchers still report it lacks a "focus on social development and social rights" plus the danger that keeping percentage commitments might still result in a decrease of the absolute numbers, due to the shrinking economy. The best reported results in this regard are those of Switzerland, where after much public campaigning the Government has finally presented in June 2010 a proposal to increase Swiss ODA.

South-South cooperation is the source of many hopes in this context, where emerging economies are seen as new alternative markets and also new sources of aid. Yet, Social Watch India notes that in its behavior as donor India "attaches the same conditions to its external aid that it refuses to accept as a recipient country, typically linking assistance to the purchase of Indian goods and services."

Since foreign aid can at best complement the national efforts to achieve basic dignity for all, as requested by the MDGs and the human rights obligations of all countries, where are the resources going to come from? Many developing countries want to attract Foreign Direct Investments (FDI) to help meet their development objectives.

Yet, in times of crisis FDI tends to behave, like ODA, in a pro-cyclical way. This is the case in Serbia, where the local social-watchers report that "the flow of Foreign Direct Investments has slowed as a consequence of the global financial crisis, making the economy more fragile and unstable. Anti-crisis measures are based on taking out new loans from the international financial institutions and cutting public expenditure on education, health care and pensions–all of which risk pushing even more people into poverty."

Foreign investment is a double-edged sword

The watchers in Zambia have found that FDI "has played an increasingly important role in the country's economy, rehabilitating the copper industry and boosting production and exports of non-traditional products and services. However, this investment has not been used effectively to promote development and reduce poverty. Instead, it is contributing to an erosion of people's rights, including development rights, the right to food, education, a clean environment and women's participation in political decision-making."

Similarly in Nigeria, the impact of foreign investment "is not yet being felt by the poor. Legislation favouring FDI should be accompanied by mechanisms that guarantee transparency. Despite the Government's allocation of financial and other resources to combat poverty, the sad fact is that poverty has continued to grow at a fast pace over the last 15 years."

In Bolivia, "Foreign Direct Investments does not generate better conditions (…) since this system takes more money out of (the country) than it generates in domestic economy."

In Uganda, the Government hopes to attract investor and at the same time increase citizen participation and control over public affairs by integrating Information and Communication Technologies (ICT) into their development management as well as into a variety of areas of social life. The local NGOs report through Social Watch that "if the Government wants to bring about a real improvement of living conditions, its effort should be consistent with poverty reduction strategies and investments in human development."

In many places, instead of being complementary, the same policies that should make the country attractive to foreign investors make it vulnerable to foreign shocks and destroy the social fabric. "The Government's belief that it is possible to reduce poverty and inequality while at the same time embracing the neoliberal agenda has proven not only unrealistic but also imprudent," conclude the watchers in Croatia, where recession in 2009 nullified several years of social improvements.

The watchers in Hungary reach a similar conclusion: "Despite the fact that it was the first country in Eastern Europe to adopt International Monetary Fund prescriptions in 1982 and that it was more highly developed than its neighbours when it embraced a market economy, Hungary is now the weakest economy in the region" and "wavers between potential social upheaval – if a change of direction is not made – and the total collapse of a very vulnerable economy. The phantom of right-wing extremism lurks in the background, fed by popular discontent."

In India, the national Social Watch coalition observes that "FDI is also adding to the 'jobless growth' phenomenon" and "even though FDI inflows have increased over the years, its ability to deliver genuine (and inclusive) financing for development remains in doubt. In order to make sure it benefits the country as a whole, including domestic businesses and local communities, the country's economic structures must facilitate the creation of the enabling environment needed to promote greater FDI spillover effects, both to domestic business and to local communities."

Mother Nature, another victim

The environment has been a victim of the crisis as much as the social sector. In Germany, according to World Wildlife Fund, only six out of the 32 stimulus measures had a positive impact on the environment, and just 13% of them can be considered sustainable. In Bahrein, the country's rapid development that will allow it to meet most of the MDG targets "has been reached at the cost of the environment" according to the local social-watchers. "Biodiversity loss is on the rise. Green palm trees, for example, have been replaced by concrete complexes" and the claiming of land for urban development "from the sea at the expense of bays, lagoons and beaches (…) has caused the destruction of natural habitats and the extinction of many marine species."

In Thailand also, the local Social Watch coalition is concerned about the high environmental cost of policies striving for industrialization at any cost. Even worse is the case of Bangladesh, "a minuscule polluter (but) an enormous victim of global warming" and of the financial crisis. Both of them originate in the richest countries and affect the most the people that live in poverty and had no blame or part in creating them.

Taxation and representation

Sometimes the strategies to deal with the crisis attempt to "export the problem" and obtain short term benefits making others pay. In the Czech Republic, the watchers' report that society is "riddled with corruption" and "deeply affected by inequality, discrimination, racism and segregation." At the same time, "exports of weapons are on the rise in contradiction of the official foreign policy goals of supporting human rights and development and assisting with humanitarian aid." In Finland, civil society groups find that official development assistance is frequently supporting Finnish investments abroad, which often have "negative impacts on human development" in the poor parts of the world.

At the receiving end of those wrong aid and financial policies, a country like Ghana is found by the local Social Watch report to be dependent "on foreign aid and international financial institutions over the last three decades or more." The result has been "mass unemployment, huge balance of payments deficits and low manufacturing and agricultural output." While the 1992 constitution "provides the legal basis and specific policies to enhance the welfare and protection of women and children, (…) the Government's minimal investment in education, health, water resources and rural development shows the low priority it places on these goals." The likelihood of achieving the MDGs by 2015 is deemed as "remote."

Based on similar experiences, including having suffered deep financial crises recently, the watchers in Argentina have concluded that "development is not possible without economic autonomy and domestically mobilized resources, such as taxes. The successive political and economic crises that have shaken the country demonstrate that when the development model prioritized the financial sector over the productive sector the result was dismal for the vast majority of the population. It is imperative for the State to regain control of the economy, make it less dependent on foreign capital, and implement a fairer tax system and finance production as well as consumption."

The issue of taxes comes up again and again in the reports from the national Social Watch coalitions. The main reason for lack of progress in Peru, in spite of marked growth in the economy "and an increased public sector budget" is that "the State has not undertaken a much-needed reform of the tax system, organized a universal social security system financed from taxes nor made budget allocations to tackle issues related to gender or the environment."

In neighbouring Chile, "the present (tax) system is clearly regressive in that it is based primarily on indirect taxes, especially the value added tax (VAT), whereby the burden is spread indiscriminately across the population as a whole. If the Government is to be able to finance a national development policy it will have to implement tax reform geared to retaining the big copper enterprises' excessive profits." However, the new Government's strategy "is to facilitate conditions for the expansion of capital and investment in natural resource exploitation," including "tax incentives for private mining enterprises in an already regressive taxation system."

Also in Kenya, the main demand from the local watchers is for the Government to implement a fiscal policy that stabilizes the economy while altering "the amount and structure of taxes and expenditures," as well as the distribution of wealth. At the same time, development financing should be tied to democratic reforms. The process should challenge the centralizing logic of power, emerging from a public discussion mediated by values of equity and dignity." The Kenyan watchers have subsequently played a major role in observing the transparency and fairness of the constitutional referendum in 2010.

On the positive side, after electing a reform-oriented government in Paraguay, the local watchers find that "thanks to increased income from taxation and plans for development assistance, there are now more resources to meet the needs of the people, invest in infrastructure and still comply with debt commitments." In those favourable circumstances, focusing on the extreme poor is not enough and "in addition to working towards the MDGs, the Government should also revise the existing development model in order to bring about a fairer distribution of wealth in the country and provide better protection for vulnerable population sectors."

To make it possible for other governments to collect their own taxes, under heavy international pressure the Swiss Government has made some compromises and the legendary bank secrecy has begun to totter. Yet the Swiss watchers report that information exchange in tax matters has hardly changed vis-à-vis developing countries. Also, while the country "champions maximum openness of borders for trade in goods and services, it insulates itself against immigration from non-European countries." Nevertheless, a positive development has been the drafting by the Federal Cabinet of "a law on freezing and repatriating stolen assets."

The high reliance on extractive industries, even when taxed or nationalized, also makes countries vulnerable. In Venezuela the national Social Watch report observes that high oil prices on the international market allowed for an improvement in the MDG indicators from 2004 to 2008. Today, the global financial crisis and increased social unrest caused by weakening social programs have put this progress at risk."

Yemen is also seen as "over-dependent on exporting petroleum" and as a consequence "the rest of its productive system is very weak and in consequence the economy is unable even to adequately feed its own people. The country will have to diversify its agricultural production, overcome its environmental problems – above all the exhaustion of its fresh water reserves – protect its products in the home market and become more competitive. At the political level it will have to implement stronger gender policies to enable women to really integrate into society", conclude the Yemeni watchers.

Crisis means opportunities

Gender equality is such an important factor in reaching social development that the watchers in several countries devote their reports entirely to this issue. In Armenia, the Government is recognized for having made plans and set up bodies to promote gender equality. However, "these have not had the expected results due to the lack of financial resources, which has led to inadequate implementation." In Iraq, the national Social Watch report introduces the concept of "gender justice", which "means far more than courtroom justice for crimes against women and girls; it encompasses equitable treatment and participation of women in the negotiation of peace agreements, the planning and implementation of peace operations, the creation and administration of the new Government (including agencies and institutions focused on the needs of women and girls), the provision of the full range of educational opportunities, participation in the revival and growth of the economy, and the fostering of a culture that enhances the talents, capabilities and well-being of women and girls."

The everyday reality in Iraq is far from that goal. "The fragile political situation and weak rule of law have transformed Iraqi society into an unsafe environment for development and stability. Iraqi women face difficult conditions (…). Every day women and girls are forced into marriages, murdered for the sake of 'honour,' coerced into committing suicide, beaten, raped, trafficked into sex work and restricted in their autonomy and mobility."

But even in such a dire situation there is room for optimism: "Crises can break down social barriers and traditional patriarchal patterns, providing windows of opportunity for the construction of a more just and equitable society where women's rights are protected and gender equality becomes the norm in institutional and social frameworks. Such opportunities must be seized not only to promote social rehabilitation but also to encourage and support new institutional structures, legislation and its enforcement for the protection of political, economic, social and cultural rights."

A change of scenario is also taking place in Nicaragua with a demographic shift in which for the first time in history the dependent child population is shrinking fast while the weight of people in working age is rapidly increasing. Watchers in the country have noted that this "demographic bonus" offers a "historic opportunity" to develop the country in the next 20 years" provided that the government applies "suitable public policies to ensure that young people can enter the labour market and that they can do so with good levels of education, training and health." If the Government does not invest in education now it will be too late.

The watchers in Cyprus are also among those contributing optimistic visions and experiences. "The island has passed all the stages that most developing countries are currently facing: colonial rule, the struggle for independence, internal conflicts, external invasion and refugees. In this historical course, the empowerment of society through the provision of free access to public goods and services for those who suffer has been central to the path to recovery." In Cyprus the new National Strategic Plan for 2011-2015 challenges the current status quo in development trends. Its two primary areas of focus are education and partnerships between public institutions and civil society organizations. The local Social Watch report sees a clear opportunity to "lead the way in the shift in development trends away from market-centred policies towards social justice, human rights and equality."

Inequities are mentioned in many country reports, precisely, as a major obstacle for achieving social development goals. In Colombia, for example the watchers observe that even when "the country enjoyed considerable economic growth up to 2008" this "did not translate into any improvement in the social situation": unemployment has increased, wealth has become even more concentrated in few hands, and "the fact that international aid is administered through the central Government is an obstacle to alternative projects being undertaken."

In Uruguay, in spite of the crisis "the country's economy continued to grow and its poverty and indigence rates improved considerably thanks to social policies, which in the more prosperous years had been given priority over macroeconomic objectives." Nevertheless, the watchers find problems still to be tackled, "such as high poverty and indigence rates among people of African descent and the fact that more and more heads of households at the very poorest level are women. To remedy these situations, combating inequities of gender and/or race should be an integral part of economic policy."

In Suriname, where economic targets have been pursued without consideration to equity issues, the local watchers report "adverse development effects" of economic growth "by widening inequalities in an already vulnerable society." "With over 60% of the population living below the poverty line, the country faces many social problems including in housing, access to health, education and gender equality. Finding a balance between ethnic group interests and those of the nation at large is a pre-requisite for sustainable growth and development."

Inequalities can be based on ethnicity, gender or geography. In the case of Mexico, the watchers report that "the official line is that (the country) is solidly on track to reach the MDGs by 2015." However "while there has been progress in health and education and a reduction in extreme poverty" in national averages, "serious inequalities across different regions" persist. While Mexico City has development indicators comparable with some countries in Europe, there are states in the south of the country with figures similar to those of the least developed parts of the world.

In addition, in Egypt the national Social Watch report insists that economic growth alone is not enough. "The country's failure to ensure that increased economic growth is reflected in the living standards of its citizens represents the main challenge that the Government will have to face in the next five years in order to realize the MDGs by 2015."

No progress without democracy

In El Salvador, which elected its first leftwing government last year, the local Social Watch coalition reports a strong commitment to achieving the MDGs. "President Funes pledged to tackle poverty and unemployment by means of a global economic recovery plan which includes measures to stabilize the economy, invest in infrastructure projects, including the expansion of electricity to rural areas, and compensate workers and their families for the loss of jobs. Among the most groundbreaking measures was the extension of the Social Security system to cover domestic workers, of which some 90% are women."

While the Farabundo Marti National Liberation Front coming to power in El Salvador raises so many hopes, in Eritrea, the country has been led for almost 20 years by a Government that evolved from a liberation movement but whose right to rule has not been confirmed in free and fair elections. As a result, according to the report from watchers in exile, "political repression has never been as glaring as during the first decade of the new millennium. The Government is continuously frustrating the economic and developmental aspirations of the people" and "in the face of new sanctions imposed by the UN Security Council in December 2009, economic recovery and social development will continue to be unreachable goals."

Democratic and accountable institutions are also seen as a necessary precondition by the watchers in Burma. "The 2008 Constitution and the general elections scheduled for 2010 will only perpetuate military rule and stagnation. Transparent, fair and accountable institutions are necessary for development, which cannot coexist with rampant human rights abuses, corruption and political oppression." Before any attempt at tackling poverty is even possible, they argue, "the United Nations Security Council should establish a Commission of Inquiry to investigate crimes in the country" and strong legal and judicial institutions have to be put in place.

Such a process has started in the Central African Republic, where "thanks to political pacification", "a process to reactivate the economy and improve health services, security and governance is under way." This has been very slow, according to the local Social Watch report, "and the fact that the starting point is so critically low means it will be impossible to achieve the Millennium Development Goals (MDGs) within the stipulated time frames." Yet the very fact that there is movement and political space for civil society to critically monitor and report on the process is in itself a source of hope.

The ability to monitor and report is seen as indispensable by the watchers in Malaysia. "The Malaysian Plan reports paint a rosy picture, highlighting achievements but not acknowledging failures, there continues to be concerns as to the accuracy of Government statistics and assessments." Given the minimal monitoring and accountability over allocation, both from the Federal and state coffers "it remains to be seen whether the Government's development agenda, particularly for vulnerable groups, will be carried out as planned."

Writing from a country going through a tumultuous social and political transition, the Social Watch national platform in Nepal summarizes the common view of the whole network when it states that "the responsibility for overall development" lies primarily "in the hands of the citizenry" and there is no way in which the multiple problems, ranging from climate change to the impact of the crisis, from gender inequities to corruption, migration and peace building can be handled one by one in isolation. A "new development program" is needed at all levels.

A program of justice

"If the poor were a bank, they would have been rescued," is the sarcastic comment that many people make when the additional money needed to achieve the MDGs (estimated at around USD 100 billion a year) is compared with the trillions of dollars disbursed in the last two years in the richest countries to rescue failed banks and try to reverse the effects of the financial crisis.

In practice, though, the less privileged in rich and poor countries alike not only suffer the direct consequences of the crisis in the form of loss of jobs, savings and even their households, but are also required to pay for the rescue and stimulus packages through higher taxes and reduced salaries and social benefits.

In this context, to call for "more of the same" is not the answer. More aid money and better trade terms for developing countries are an ethical imperative now even more than before. But, to face the dramatic social and environmental impacts of the current multiple crises, we need to move beyond a "business as usual" approach and start working towards a comprehensive justice program:

- Climate justice (recognition of the "climate debt", investment in clean technologies and promotion of a decent job creating green economy).
- Financial, fiscal and economic justice (the financial sector should pay for the crisis they created, through a financial transaction tax or similar mechanism, speculation needs to be regulated, tax heavens and the 'race to the bottom' in tax policies ended or reverted, developing countries allowed defensive control of capital flows and policy space).
- Social and gender justice (achieving the MDGs, promoting gender equality, universal basic social services and "dignity for all") and…
- Plain old justice (judges and tribunals) to demand the basic social rights.

In times of unprecedented crisis, courage to be bold and innovative is required from leaders.

The notion that the polluter should pay for the cleanup of the mess created by his or her irresponsible behavior is not just based on justice and common sense but is also a political demand that the leaders cannot ignore. Similarly, the citizens from around the world support the notion that the costs of the financial crisis should be paid by the financial agents that were "too big to fail" but did so anyhow. It is unfair and politically unviable to expect citizens to carry alone the burden of this failure, in form of higher taxes and lower salaries and the deterioration of social security, education and health services.

Over the last 20 years, a tiny amount of people (only 10 million) who represent less than half of 1% of humanity, have taken at least USD 1 million each from their respective governments, and placed it in the offshore shadow economy. This amount of over USD10 trillion of undeclared and untaxed money is not a buried treasure hidden in some cove, but is actively flowing through the electronic networks, speculating against national currencies, creating instability in legitimate global trade and inflating financial "bubbles" that in turn create, for example, price distortions in agricultural commodities that lead to the food crisis.

Reclaiming control over those wild financial forces of enormous destructive potential over all economies is a subject of international collaboration. The United Nations is the legitimate body to negotiate and make decisions around international tax collaboration; the establishment of a Financial Transaction Tax and earmarking of a substantial proportion of the resources it generates to development; effectively curbing illicit financial flows, including those derived from tax evading "transfer pricing"; and last but not least, the establishment of fair debt workout mechanisms for sovereign debts and an affirmation of the legitimacy of debt standstills and moratoria for developing countries burdened by a crisis they did not create.

Ten years ago the Millennium Declaration promised "a more peaceful, prosperous and just world." Social Watch is committed to helping citizens around the world to hold their governments accountable to that promise and we expect the leaders of the world to formulate the action plan to make it happen. ■