

# ***The Need for a New Global Development Agenda***

***A commentary  
at the BMZ, DIE, PegNet workshop:***

***The MDGs and Beyond:  
Reflections on an International Development  
Policy Agenda after 2015***

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## A commentary on:

- Phil Vernon and Deborrah Barr:

*Working with the Grain to Change the Grain: Moving beyond the MDGs*

- Malcolm Langford:

*Post-2015: Pathways, Targets and Indicators*

- Lord Mawuko-Yevugah:

*Beyond the Rhetoric of Development Partnerships and Towards the Construction of Equal and Inclusive Global Development Agenda*

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TIMO VOIPIO

*From Poverty Economics to Global Social Policy*

*A Sociology of Aid for Poverty Reduction*

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*Dissertations in Social Sciences and Business Studies*

# Rural Tanzania – Heart of Poverty ?





**WB: Incomes < 1usd /day  
= Life Below Human Dignity ?**

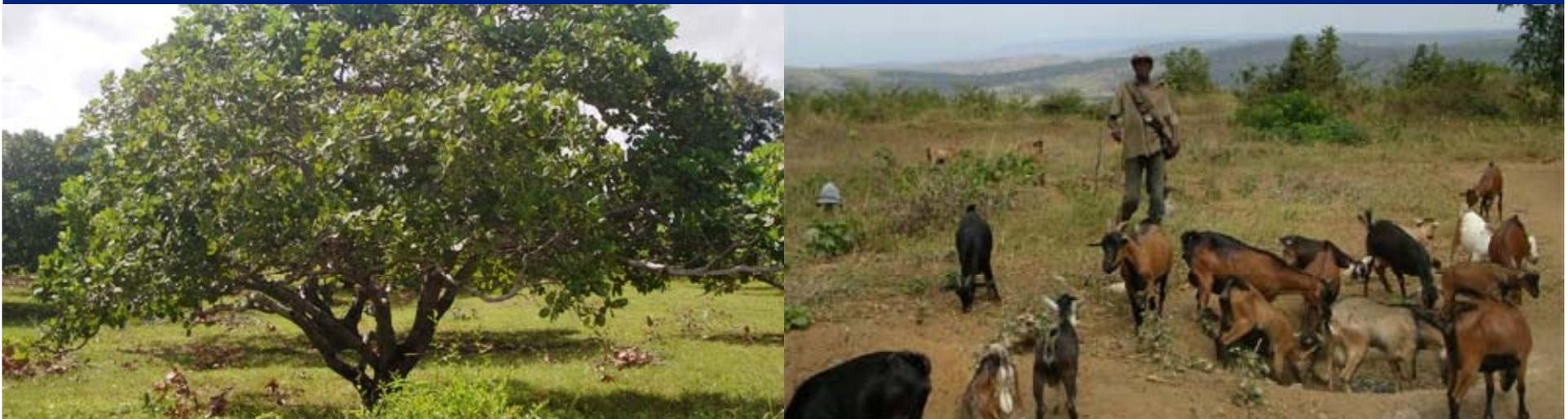


# Participatory Rural Appraisal PRA





**My personal observation:  
Life in Mtwara can be good and dignified  
-But people are vulnerable to livelihood RISKS,  
-and have no reliable social protection**



# The DAC Guidelines **Poverty Reduction**

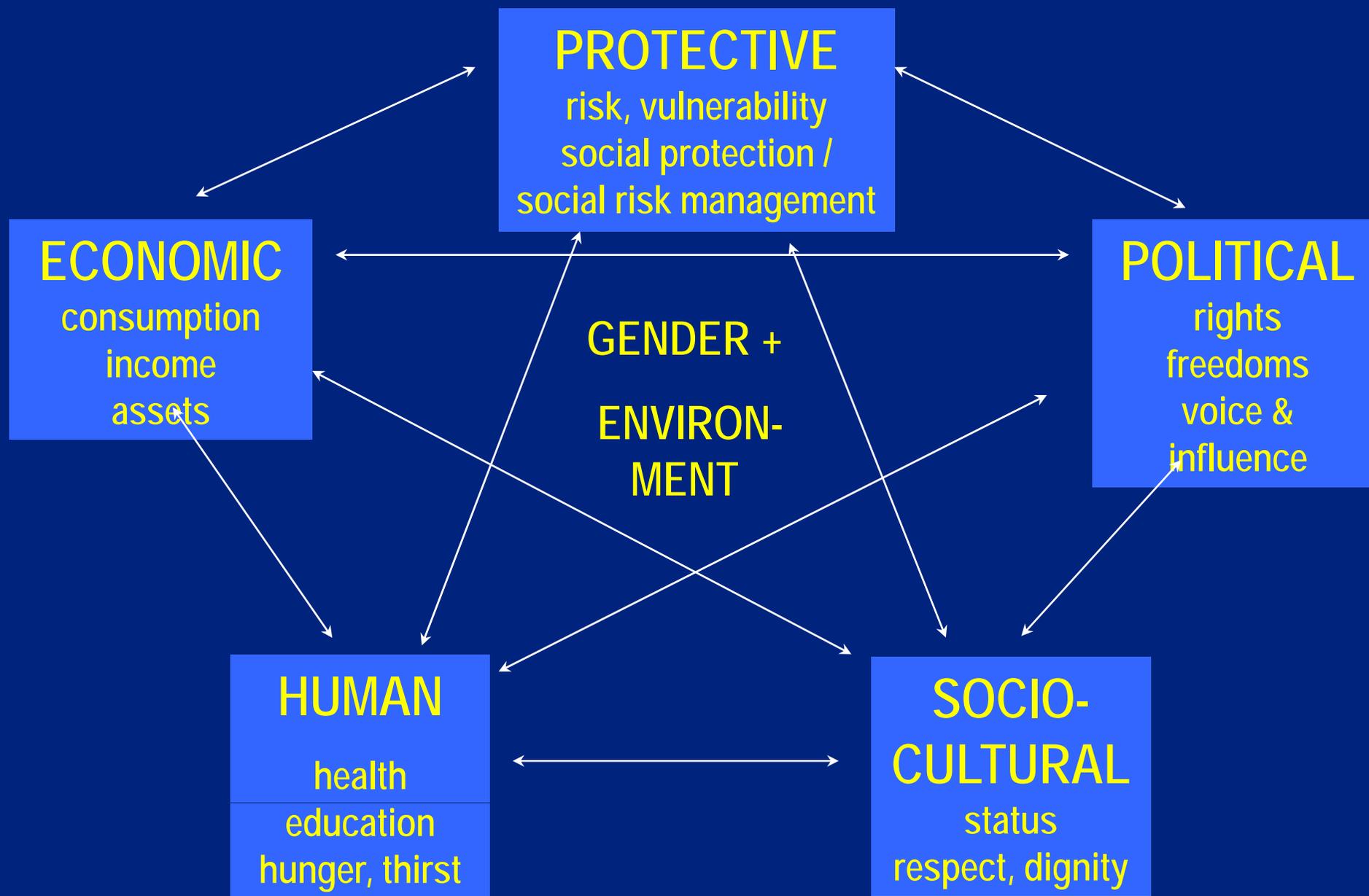
INTERNATIONAL DEVELOPMENT



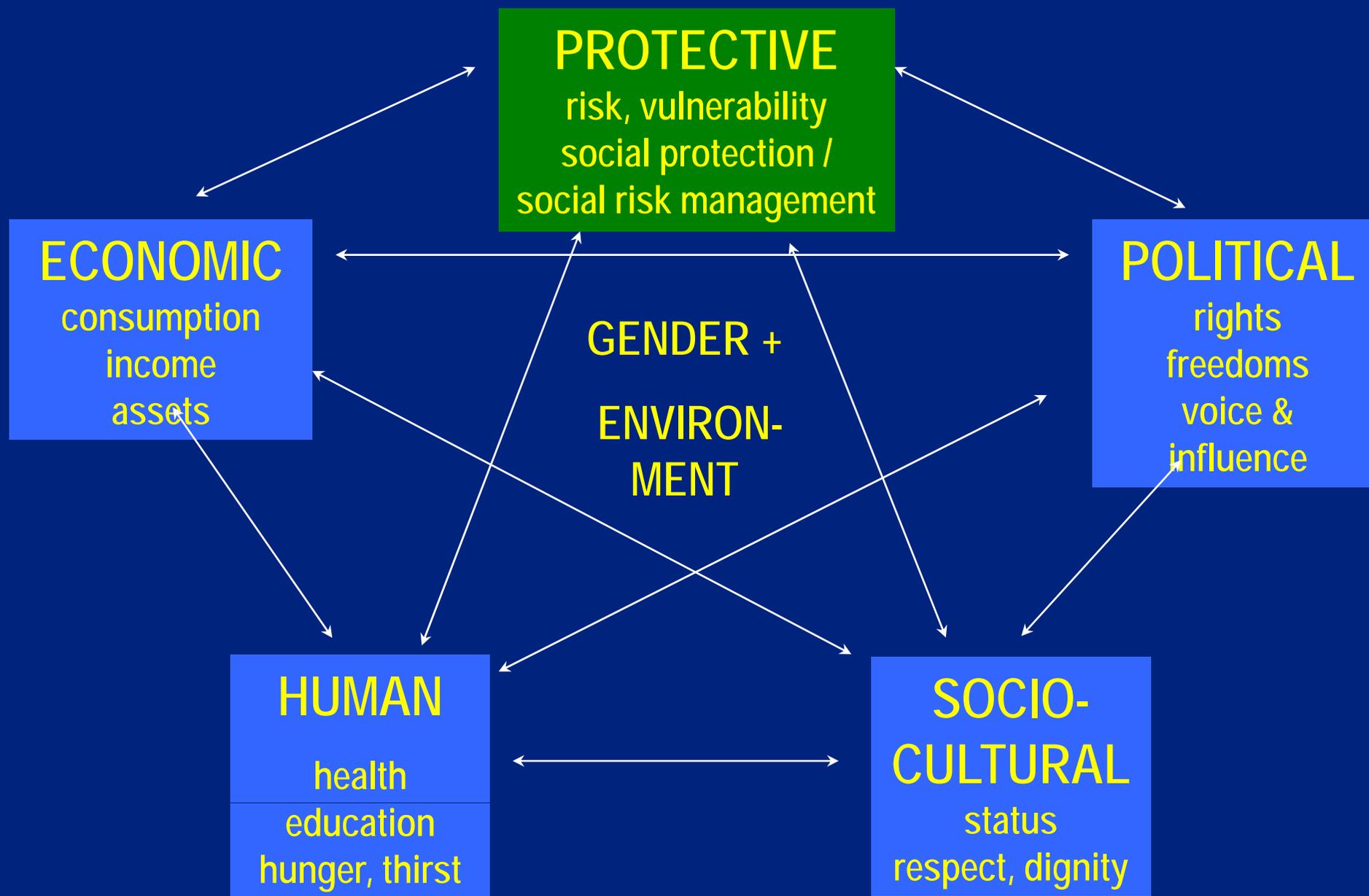
OECD



# Poverty = multi-dimensional (OECD 1999-2011)

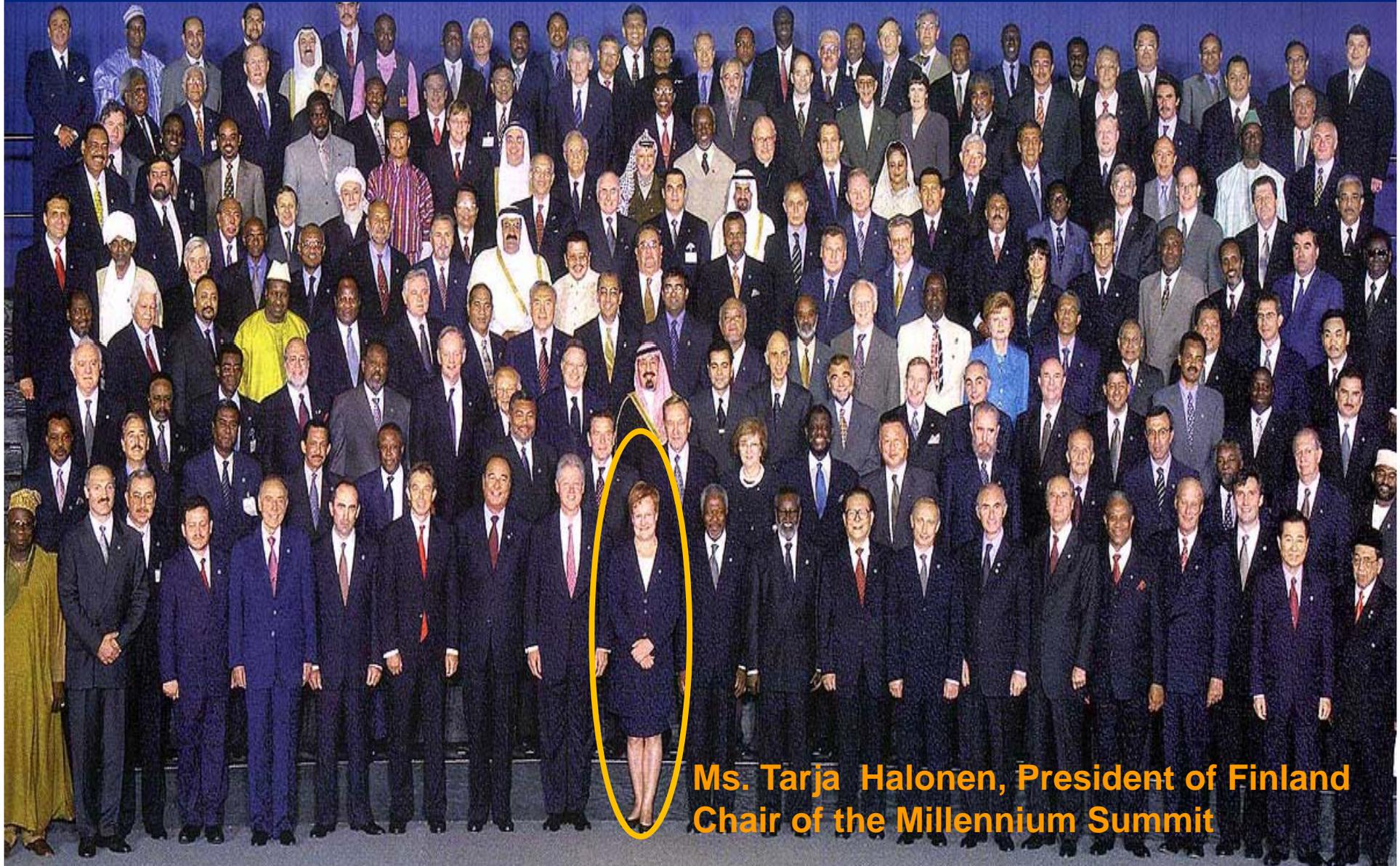


# Poverty = multi-dimensional (OECD 1999-2011)





# From Millennium / MDGs 2000 to Busan 2011, Rio 2012 and Post-2015 ?



**Ms. Tarja Halonen, President of Finland  
Chair of the Millennium Summit**

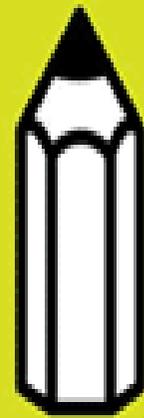
# UN Millennium Development Goals

→ *And beyond 2015 ?*



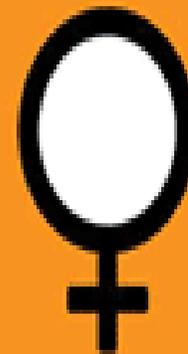
1

Eradicate extreme poverty and hunger



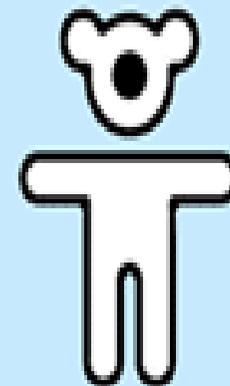
2

Achieve universal primary education



3

Promote gender equality and empower women



4

Reduce child mortality



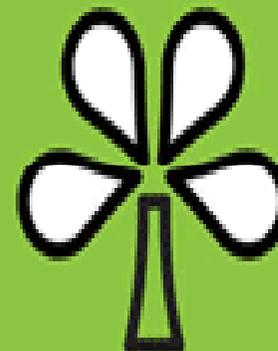
5

Improve maternal health



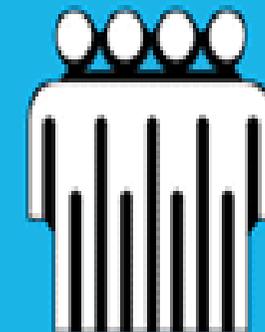
6

Combat HIV/Aids, malaria and other diseases



7

Ensure environmental sustainability



8

Develop a global partnership for development

# Busan Nov-Dec 2011 ?

1. *'New Paradigm' ? 'New Partnership' ??*
2. *From aid effectiveness to dev't effectiveness?*
3. *Not only North-South, also South-South*
4. *A limited set of targets*
5. *Poverty remains the central challenge...*
  - *inclusive, sustainable growth and*
  - *reducing inequalities within/between countries*
6. *Ownership, harmonization, etc. – 'no turning back'*
7. *Dev't co-operation should play a catalytic role – in 'leveraging' other funding (i.e. FDI and trade – preferably from OECD than BRICs?).*

# Lord Mawuko-Yevugah

1. *Development 'partnerships' (MDG, PRSP, NEPAD) ??*
  - *Rhetoric hiding power inequalities*
  - *Including elites and disciplining poor majority*
2. *Ideas (Dev't, Poverty, Growth) by IFIs used to legitimize intervention by North's aid institutions*
3. *Economistic ideas not promoting the interests of poor women and men in the South, but the vested interests of the North businesses, incl. aid industry*
4. *Since 9/11 → also: War against terror → Fragile states*
5. *'New Partnerships' are no different from SAPs*
  - *neoliberal free market expansion*
  - *Dev't ideas = means to reproduce global inequality*
  - *How are ideas created, exported and adopted?*

# Phil Vernon & Deborrah Baksh

1. *Tired confused dev't agenda*
2. *Alternative VISION needed - of a 'developed society':*
  - = *EQUAL politics, economy, justice, security, well-being, institutions.*
  - = *Open society, CSOs, Accountable developmental state, Rule of law, formal participation, sustained shared growth, incentives for innovation, State monopoly of violence, democracy (incl. local)*
3. *Local, context-specific solutions*
4. *Dev't institutions not fit for their purpose*
  - *Aid needs a rethink: EQUITY/EQUALITY missing*
  - *Building systems for equity, not just humanitarian*
  - *Not just budgets and projects → legislation, capacity*
5. *NEEDED: Negotiations (political pressure) + Incentives for the elite + Leadership = "Working with the Grain to Change the Grain"*

## A commentary on:

- Lord Mawuko-Yevugah
  - Important and accurate analysis
  - Should be read by 'poor' women and men in the 'South'
  - Well received by academics?
  - Difficult to 'sell' to the aid agencies in the North
- Phil Vernon and Deborrah Barr
  - Less controversial
  - Important 'strategy': Working with the Grain to Change the Grain
- **BOTH: BUT MDGs are not the problem !!!**

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# MDGs are not the problem:

- MDGs: Not too ambitious but not ambitious enough ! (1/2)
- What is the correct role for ODA? Cannot replace democratic governments to whom 'nation building' belongs.
- But ODA can focus on the lowest 1/5 (= Human rights obligation.) ODA can facilitate economic participation and active citizenship by all.
- A Social Protection Floor (SPF) for all women, men, children, PWD is a good role for ODA
- Stop the rest of ODA !

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# From Poverty Economics to Global Social Policy

- My dissertation dealt with the ideas of non-poor poverty economists and other non-poor poverty professionals.
- Behind the global consensus on poverty reduction, we found serious disagreements and bitter controversies. About what? And why?
- Can those disagreements be explained by analyzing the agents' interests, and conflicts of interests?
- What roles do ideational differences, or different identities play in these disagreements?



# A 'rare moment' 1995-2005

- cracked the illusion of consent among the development economists and made the controversies known to non-economists
- 'Wolfensohn Presidency' in WB 1995-2005
  - (a) A disillusionment with structural adjustment programmes (SAP) of 1980s-90s;
  - (b) A few independent thinkers among leading development economists (Stiglitz, Kanbur, Easterly...);
  - (c) A new critical generation of economics (the *Post-Autistic /Real World Economics Network*), with origins in France.
  - (d) a change in disclosure rules: 'From X-Files to Internet'

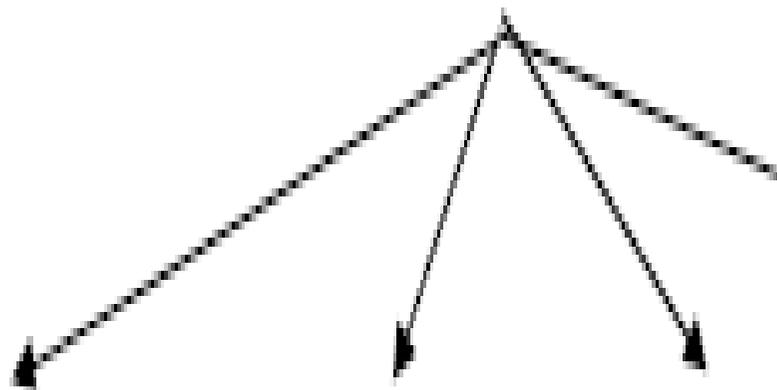




**50 Years is Enough !**



# WORLD BANK POVERTY REDUCTION STRATEGY, Draft 1999

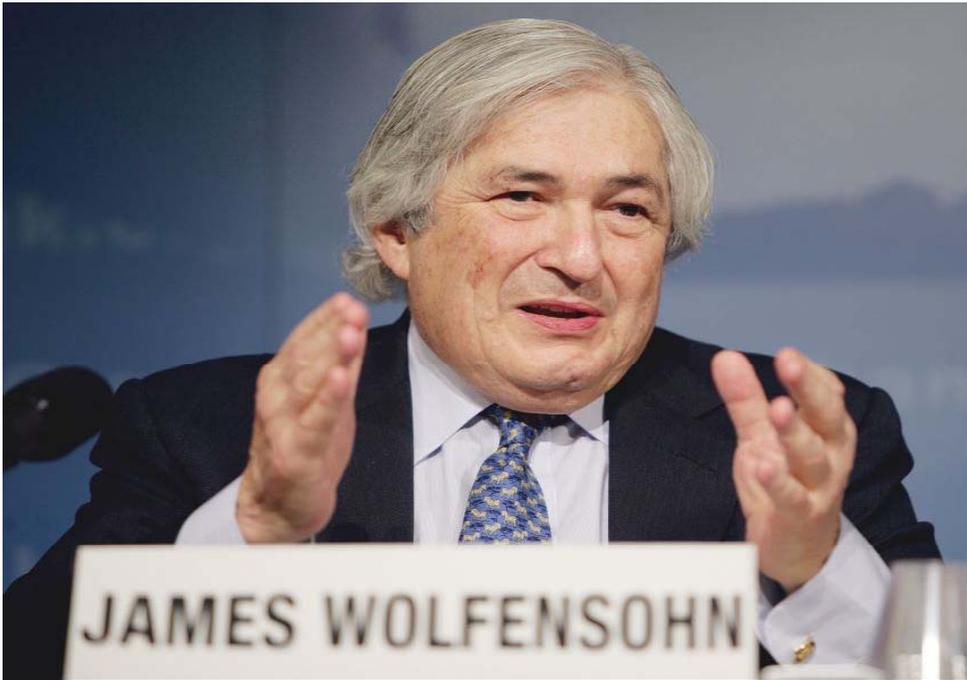


**Empowerment**

**Security**

**Opportunity**

**International  
Action**



**Internet made disagreements visible to all**



# MY APPROACH

- Millennium Consensus and Disagreements within the World Bank 1995-2005
  - Economists and non-economists
  - The 'Orthodox' and 'Heterodox' economists

## My approach:

- Take these disagreements seriously
- History of Ideas background: Thinking is Action! Word Are Deeds! → I.e. Concepts and Ideas as 'Moves in Argument': '*Language can do things*' (Austin & Skinner & Wittgenstein).

# WB: Disagreements over WDR-2000

→ Kanbur resigned, publicly

## 1. OPPOR- TUNITY

- Pro-Poor

## Growth

- Inequality and Redistribution

## • Markets

- Assets
- Governance and Accountability

2.

## EMPOWER- MENT

- Responsive Public Administration
- Rule of Law
- Decentralization
- Eliminating Gender Discrimination
- Social Fragmentation and Conflict
- Building Social Capital

3.

## SECURITY

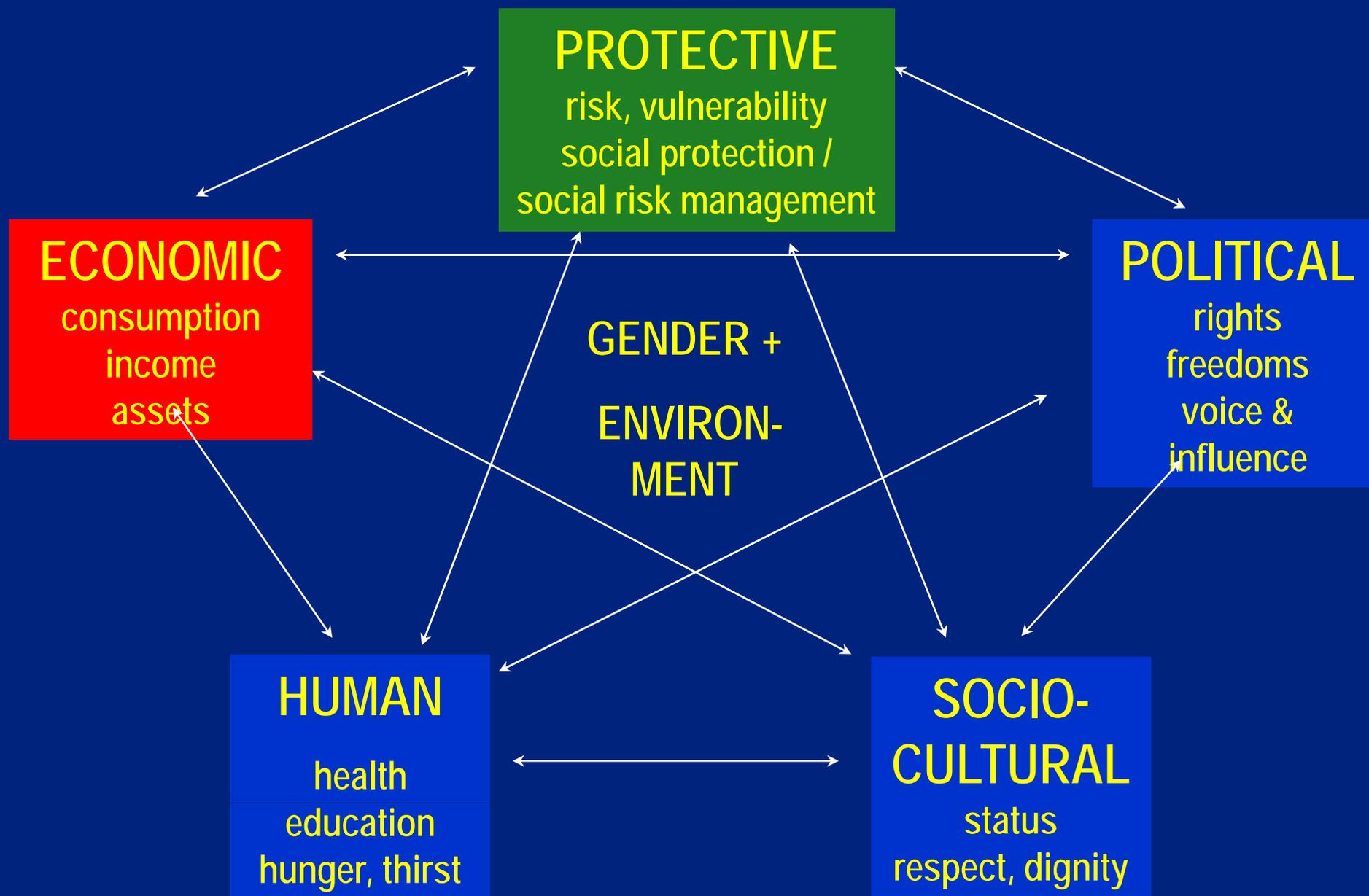
- Social Risk Management
  - Household Responses
  - Policy Responses
- Reducing Vulnerability to
  - Economic Crises
  - Natural Disasters

4.

## INTERNATIONAL ACTIONS

- Market Access in Rich Countries
- Reducing Global Volatility
- Pro-Poor Intn'l Public Goods
- Voice for the Poor in Global Forums, incl. WB
  - Making Aid Effective in Reducing Poverty
- Relieving the Debt Burden

# OECD: Poverty is multi-dimensional



**'Tug of War' in expert networks:  
OECD + ILO + UN + EU + WB  
+ Research institutes**

**'ECONOMIC  
GROWTH  
FIRST'  
-CAMP**



**'EMPLOYMENT  
AND SOCIAL  
PROTECTION  
FOR ALL'  
-CAMP**

# INSTITUTIONAL THEORY

→ INSTITUTIONS, IDEAS, INTERESTS AND IDENTITIES

- IDEAS (worldviews, norms, identities, values, intellectual paradigms, culture, fashion and beliefs) ARE SOCIALLY CONSTRUCTED.
- What actors believe may be just as important as what they want.
  - Framing – shared ideas used by hegemonic actors to limit the power of radical ideas.
- **IFIs are not monolithic:**  
A TYPOLOGY OF IDEAS AND IDEATIONAL ACTORS (Campbell): paradigms + public sentiments/identities + programmes + frames

# AGENCY IN IDEATIONALISM: WHO ARE THE ACTORS AND WHAT ARE THEIR ROLES?

## PROGRAMMES

**Decision makers**, i.e. ministers  
leading donors and bankers,  
senior bureaucrats  
corporate managers.

## PARADIGMS

**Theorists**, i.e. academics,  
Intellectuals

**Brokers**, i.e. pollsters,  
media, public relations  
experts, expert advisors,  
consultants, think tanks,  
business & trade  
associations,  
epistemic communities

## FRAMES

**Framers**, i.e. 'special advisers,  
political handlers, speech writers,  
campaign managers.

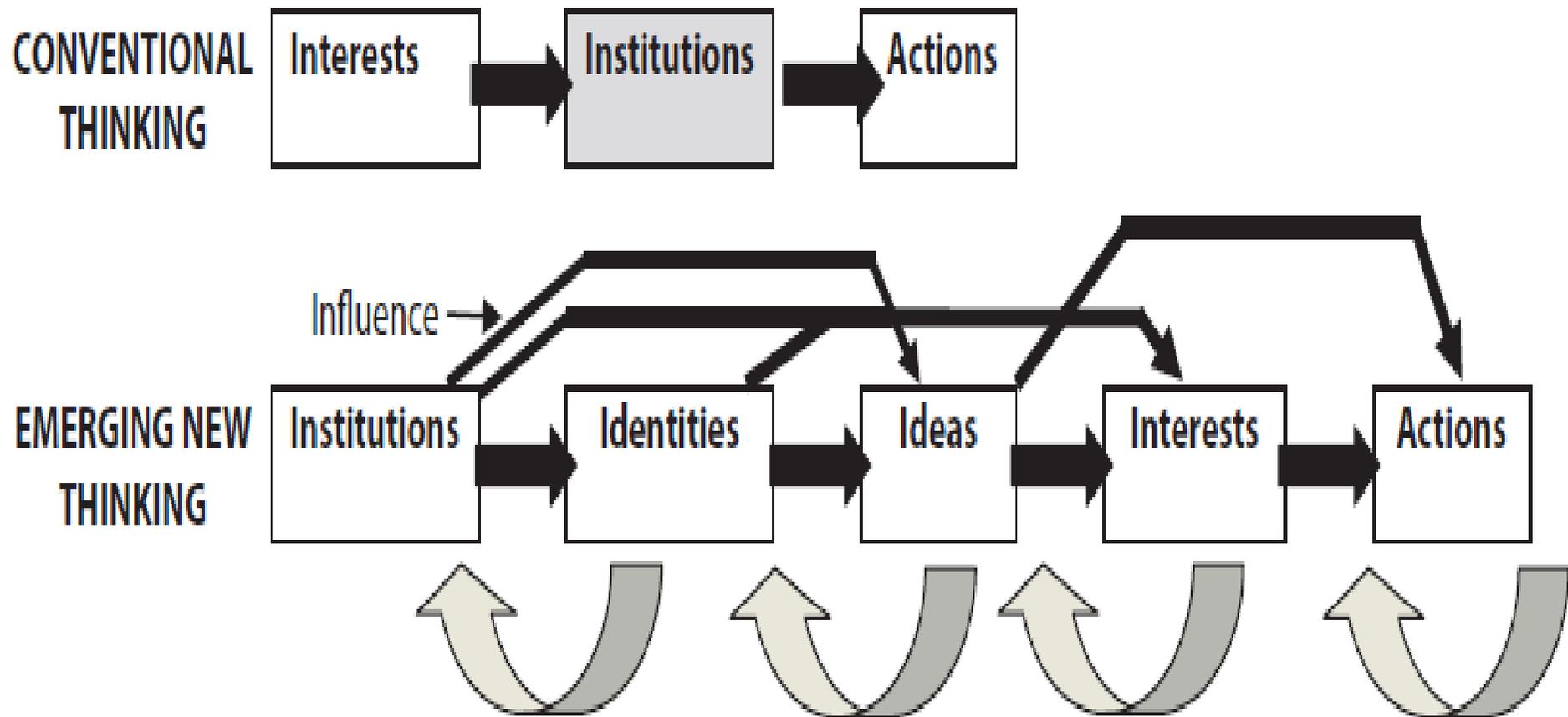
## PUBLIC SENTIMENTS

**Constituents**, e.g. voters,  
advertising firms. Business &  
political elites, investors, media,  
courts; Also: **Professional  
communities**, e.g. "average"  
development economists.

## In summary:

This essay deals with the ideas of poverty economists and other poverty professionals. Behind the global consensus on poverty reduction, we have found serious disagreements and bitter controversies. Ideational-institutional analysis can help to explain those disagreements by highlighting the differences in the ideas and identities of the various kinds of poverty professionals, who all understand that poverty reduction is crucially important for the sustainable futures of the world. No-one, however, has certainty about correct answers to how poverty should be reduced. *In situations of 'Knightian uncertainty' where no probabilities can be assigned to the possible outcomes, actors use ideas and identities, rather than their calculable interests as coping devices to determine how to act.*

**Contribution to institutional theory:  
Not only calculable interests, but also ideas  
and professional identities explain action**



Explaining the causes and root causes of observed action

# 1. Ideas Are Important Economic Goods – But the Markets of Ideas Are Highly Asymmetric

→ Imbalance in donor funding to WB vs. UN and developing country research and dissemination capacity

# 2. Not Only Material Interests (on the Left-Right Axis) But Also *Professional Identities* and *Interests* Determine How We Behave

- Competition not only between ideologies but also between disciplines and organisations
- E.g. WB economists not driven by material, individual self-interest, but by professional identity and organisational self-interest.

→ Socially constructed ideas about the nature/causes of global poverty: The language to be used to analyze it has become 'monopoly' of economists + diplomats?

→ Not only rationally calculable interests, but also ideas and identities guide and constrain policy-making and decision-making.

## In Situations of *Knightian Uncertainty* Ideas and Identities Rather Than Interests Determine How Agents Act

- No-one knows how to eradicate global poverty and how to make the future world sustainable
- We have to make choices in situations where we are unsure as to what our interests are, let alone how best to act to realize them.

**Every day > 20.000 members of the human kind die from poverty. What should we do?**

**→ Who has the right ideas and who has the right to define which ideas are right?**

**→ The mobilization of perceptions of crisis... involves the formation and triumph of a simplifying ideology**

**- Complexity + incomplete information/cognition**

**→ no time to *calculate preferences***

**→ Short-cuts of *bounded rationality*, e.g. routine, imitation, prejudices, professional conventions and identities facilitate decisions, as 'coping devices' with risk in complexity.**

- In sum, the ideas held by agents are often more important in understanding how they behave, than their structurally derived interests.

→ We should see interests as being *ideationally bound*, and sometimes *bound to identities*.

→ It is not possible to understand how the World Bank acts, or why global poverty is portrayed to us the way it is, without an idea of how the economists think.

→ **Aid Implementation Should Not Be Left To Economists and Diplomats Alone**

# Professionals of Development and Care Should Be Aware of the Crisis Within the Economics Profession – and Not Take for Granted Routine Assumptions Based on Outdated Economics

→ A re-reading of *development economics* is needed.

→ But so is a serious rethinking of the mother science, *economics*...

→ But note: Economistic thinking dies hard, because there is a 'little economist' in each of us: I.e. not only leading economists have to rethink (they are already rethinking) – we all do!

→ and then start a genuine search for a multi-disciplinary '*socio-ecolo-nomic*' balance.

# Sustainable Development

requires a balance between the ECON / SOC / ENV

**ECONOMIC**

**SOCIAL**

**ENVIRONMENTAL**