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The MDGs and the Issue of Inequality: The Enduring Power of Neoliberalism

JUDITH TEICHMAN,

Professor of Political Science and International Development Studies,
University of Toronto Scarborough

www.utsc.utoronto.ca/ccds



UNIVERSITY OF
TORONTO
SCARBOROUGH

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Judith Teichman

While the issue of inequality has become an increasingly important development concern, it did not feature in any prominent way in the original statement of Millennium Development Goals. Nor has it become a central focus of the post 2015 development agenda. This is so even though the authors of the 2000 Millennium Declaration, the document that inspired the original development goals, **recognized** the fact that the “benefits of globalization are very unevenly shared while its costs are unevenly distributed” (United Nations General Assembly 2000, 2). Rather, the Millennium Development Goals document, with its eight goals, 18 targets and 54 largely quantitative indicators, focusses on extreme poverty reduction and on a variety of measureable human development indicators.¹

Following the publication of the MDG Goals, many observers have raised concerns that important development issues are being sidelined due to country preoccupation with meeting only the goals with clear quantitative targets and indicators. Over the last decade, the UN has responded by issuing an abundance of yearly reports and various other analyses related to progress toward the goals.² This paper will argue that the UN continues to resist pressures for a full incorporation of inequality into the MDG post 2015 agenda. This outcome is an unfortunate, albeit inevitable consequence of the continued adherence to the main tenants of the neoliberal agenda, and the power differentials that sustain it. The result is that global south countries remain bound by a narrow set of policy prescriptions that are not optimal for improved distributive outcomes.

I begin this paper with a discussion of the meaning of inequality and the importance of its reduction to long-term sustainable development. I will then examine the most recent thinking on

the topic as reflected in United Nations documents with special attention to the 2013 *Report of the High Level Panel on the Post 2015 Development Agenda*, entitled “A New Global Partnership: Eradicate Poverty and Transform Economies Through the Post 2015 Development Agenda” (hereafter referred to as the Post 2015 Agenda document). While this document attempted to address some of the major criticisms made of the original Goals, it sits very squarely within the neoliberal paradigm and shows a worrisome lack of understanding of the deep structural problems that plague global south countries. Most notably, in failing to take into account the negative social consequences of important aspects of economic globalization, the document fails to advocate for any measures to mitigate inequality.

Over the last several decades, scholarly work has called attention to the impact of high levels of inequality. Most of the writing on the topic is primarily concerned with income inequality. The most common measurement of this type of inequality is the gini-coefficient, which is a number between one and ten that measures the difference between the income of the top 10 percent of households compared with the income of the bottom 10 percent. The higher the number the higher the degree of inequality. Hence, a score of 1 would mean perfect inequality where one person or household has all of the wealth, while a score of 0 would signify perfect equality. As you can see from the table below, there are substantial differences in inequality within countries. Also note the considerably higher levels of inequality in Global South countries, an issue I will return to later in the discussion.

Income Inequality as Measured by Gini-coefficient
Selected Countries (latest years available)

Sweden	.27
France	.30
Canada	.32
U.S.	.38
Mexico	.47
Kenya	.48
Brazil	.55
South Africa	.63

Source: For Mexico, Kenya, Brazil, South Africa: World Bank Indicators (<http://data.worldbank.org/indicator/SI.POV.GINI>); For Sweden, France, Canada and the United States: OECD Distribution Database (www.oecd.org/social/income-distribution-database.htm)

However, income inequality is only one dimension of inequality. Asset inequality, although usually linked in some way to income inequality, is also an important aspect of inequality. Asset inequality involves differences in the possession of assets, either material/physical or human. Material or physical assets would include ownership of land or capital, while human assets involve such attributes as level of education, cultural qualities (such as speech patterns or accent) or social connections. Assets and income are usually closely interconnected: a more educated individual is likely to have a higher income and own property. But in addition, as often occurs in Global South countries, those with lower income, education and assets may be of a particular ethnic or cultural group or may live in a particular region of the country. There is also a link between gender and level of income with women usually earning less income and having less opportunities for education than men.³

Inequalities reinforced by cultural attributes have proven to be particularly intractable. As Tilly points out (1998), inequalities reinforced by distinct cultural/ethnic and/or language attributes are especially resilient because such overlapping characteristics allow for the development of shared understandings within groups, while entrenching distinct relational

practices in the treatment of/and attitudes towards, those outside of the group. In this process, initial distinct cultural identities and attitudes are strengthened and passed on through the generations. The boundaries separating groups from each other become deeply rooted and structured into institutions, including political institutions, and reinforced through public policy (Tilly 1998: 195).

Explanations of Inequality

Old understandings of inequality have been challenged with an increasing number of observers pointing to power differentials as at the root of the problem. The most well-known explanation of the sources of inequality is found in the work of Simon Kuznets who predicted that while inequality would rise during the early phase of industrialization/modernization, it will subsequently decline thereafter, as the growing industrial sector expands to absorb labor from the rural sector (Kuznets 1955). While Kuznets does identify the role of political factors, such as increased taxation and the expansion of the welfare state in the decline of inequality, the weight of his explanation rests on market factors, most notably on higher urban incomes and levels of productivity in the initial industrialization drive, followed by the decline of agricultural employment, and the subsequent rise in the low urban income levels that occurs with continued industrial expansion. More recently, observers have argued that politics plays a key role in distributive outcomes. Acemoglu and Robinson, for example, place far greater emphasis on the expansion of the franchise as *the* key factor in inequality reduction. They portray the emergence of democracy as entailing a struggle between rich and poor, which, when resolved, created a commitment to pro majoritarian policies, particularly redistributive ones (2006, 26). According to this perspective, poverty and inequality decline because democracy creates the opportunity for the lower classes to exercise demands for redistributive measures. Social reform—expansion in

educational spending, labor legislation, and social security—all occurred in Europe, due the pressure exerted by the working class through labor unions and left political parties (Robinson 2010; Rueschemeyer, Huber and Stephens 1992). Inequality reduction, therefore, emerges largely as a political accomplishment that requires pressure from below and a state capable of carrying out a redistributive compromise among contending groups.

Inequality reduction may be a difficult political challenge, but it is also a central development challenge—failing to address the issue is likely to have counterproductive implications for key MDG development goals. A significant number of observers argue that the failure of inequality to diminish in many Global South countries is likely an important factor inhibiting the economic growth that is essential for job creation and poverty reduction (López 2004; Midgley 1987, 38; Cornia, Addison and Kiiski, 2004, 26, 42-43; de Ferranti et al. 2004, 25). Evidence that southern countries have generally higher levels of inequality than the industrialized nations and that inequality has increased in many of them over the last quarter of the twentieth century is therefore particularly worrisome (Cornia, Addison, and Kiiski 2004; Betcherman 2002, 13).⁴ Historically high levels of inequality have been present in Latin America and sub Saharan Africa. Notably, inequality has increased in the countries considered to be the Global South's top performers India and China.⁵

Avoiding the type of economic growth that produces high levels of inequality and reducing current high levels is also important to social peace. There is considerable evidence that high levels of inequality contribute to rent seeking and predatory and criminal behavior (Nafziger and Avinen 2002; Fajnzylber, Lederman and Loayza, 1998; Wade 2004). This occurs because high levels of inequality set up a series of perverse incentives, particularly for those for whom material deprivation and lack of opportunity are particularly humiliating. Blocked from

legitimate means to achieve a higher income, the deprived, especially youth, will be attracted to illegal means. Involvement in drug production and drug trafficking has been one of the increasingly prevalent avenues for upward mobility among those without other opportunities for economic advancement. In Mexico, for example, poor single men leave their local communities to participate in drug trafficking in order to make their fortunes. Many of these returning “narco migrants,” having succeeded in amassing some wealth, have used it to buy land and become farmers (MacDonald 2005: 121). Inequality also contributes to political violence and civil unrest. In these instances, the use of violence to achieve redistributive ends may be seen as morally justified.⁶

The Millennium Declaration, the MDG Goals, and the Post 2015 Agenda

The MDG process was one that was an overwhelmingly political one, in which the agenda and specific goals involved an intensifying struggle between the concerns of developed countries and international organizations, on the one hand, and the growing pressures and dissatisfaction on the part of civil society organizations and the global south, on the other. Throughout the process, the former retained the upper hand. The MDGs appear to have arisen from a confluence of events beginning with a series of international meetings during the 1990s, which focussed on issues of the environment and poverty. These gatherings reinforced the preoccupation of the Development Assistance Committee (DAC) of the OECD for social well-being in the global south. The publication of a report by the DAC in the mid-1990s, which involved seven quantifiable development goals, propelled further discussion (and criticism) among civil society organizations and within the UN. The result was that the United Nations took over the discussion while countries, international agencies, NGOs, networks, and activists became increasingly activist in an effort to shape the content of what would become the MDG

Declaration. From the mid-1990s onwards, there were many meetings that culminated in a pre-summit report which became the basis for a final round of negotiations.⁷ The final Declaration was the consequence of intense negotiations involving the OECD, global south countries, NGOs, social movements and business interests (Hulme 2007, 3-14) and involved the re-insertion of health goals and women's empowerment, which had been gutted from the earlier document, although the narrowness of the gender target indicators would do little to contribute towards female empowerment (Sen and Mukherjee 2013).

The 2000 United Nations Millennium Declaration, passed by the UN General Assembly, was considerably more expansive than the statement of goals, targets and indicators that would come later (UN 2003). The Declaration took a human rights approach, aiming not only to free the world's population "from the scourge of war" but also to establish "the right to development as a reality for everyone and to free the entire human race from want" (United Nations General Assembly 2000, 1-2). While the major concern in this document was the world's most vulnerable and the challenges faced by the world's poorest countries, especially African countries, equality, along with freedom, solidarity, tolerance, respect for nature and shared responsibility were proclaimed as "fundamental values" (United Nations General Assembly 2000, 2). Indeed, as noted above, the Declaration recognizes the unequal impact of globalization. The eight Millennium Development Goals, however, shifted the focus from development as an integrated process, involving commitment on the part of all nations, towards a preoccupation with individual national achievement of what would become discreet human development indicators, such as halving the proportion of the population living below \$1 (PPP) per day, reducing maternal mortality rates by three-quarters, and reducing child mortality rates by two-thirds. Nations would now be judged on their achievement of these specific indicators regardless of

starting point and without consideration of either the appropriateness of specific indicators or the interrelationship among them (Fakuda-Parr, Yamin and Greenstein 2003). A growing chorus of criticism claimed that the focus on certain specific targets and indicators was sidelining other, equally important goals.⁸ Critics pointed out that a focus on a set of narrow targets and indicators, instead of a concept of transformative change, had come to dominate MDG discussions and thinking. Further, many development priorities were notable by their absence. Issues of inequality and discrimination were mostly neglected; nor did decent employment, a key ingredient in low inequality, figure among any of the targets or indicators (Ibid 16).⁹ Equality reduction was not among the indicators; nor were other indicators that are arguably related to inequality reduction, such as decent employment opportunities for all, present. Finally, even though conflict and violence formed a central concern of the Millennium Declaration (2000), none of the original goals, targets or indicators deal with this important issue.

Through the 2000s, concerns about high levels of inequality were raised by scholars, NGOs and others during the various consultations held by the UN on the MDGs. These concerns did begin to be reflected in later MDG documents, although there were no viable policy solutions offered. The 2007 *Millennium Development Goals Report*, for example, admits that while poverty may be declining, inequality is either increasing or remaining at high levels. This report goes on to present a chart showing that between 1990 and 2004, in most parts of Asia, the share of the poor in national consumption declined, while in Latin America, the Caribbean, and Sub Saharan Africa, where inequality was already high by international standards, there was no change (United Nations 2007, 8). The report admits that the “less than stellar outcomes” in areas such as maternal deaths, and deaths from HIV/Aids, have been due to inequality (4-5).

The Post 2015 Agenda document is arguably an improvement over the original statement of goals. Claiming to have been “struck by the level of inequality in the world, both among and within countries,” the Post 2015 Agenda document acknowledges many of the shortcomings of the original MDG goals and targets such as the omission of the devastating effects of conflict and violence and the error of treating MDG goals/targets and indicators as independent “silos.” It also acknowledges the importance of employment generation to achieve inclusive growth. Indeed, in this document one of the transformative “shifts” that is called for is one that will create jobs, provide equitable growth, and improve livelihoods, targets that, according to the document, should be measured by various indicators including the increase in the number of decent jobs and livelihoods and reduction in vulnerable employment (46, 60).¹⁰ The report also recognizes that providing the poor access to poor quality services in health and education will not reduce inequality. The document therefore pays attention to the quality of service provision, especially in health and education, as important for reducing inequality. To ensure that inequality is taken into consideration, the Agenda document recommends that inequality be addressed by disaggregating indicator data to ensure that the targets are deemed as met only if met for all groups in society.

A theme of virtually all of the MDG documents that has persisted over the course of the last decade is the preoccupation with the building of (political) institutions as *the* solution to improved development outcomes. The Millennium Declaration’s answer to the difficult problem of reducing the level of crime centers on the creation of “sound institutions.” This notion is reiterated in the Post 2015 Agenda document in which “integrity, accountability and transparency” are seen as crucial in combatting corruption and organized crime (6). Indeed, this document gives the issues of “governance” a prominent place. Noting that 21 countries have

experienced armed conflict since 2000, while many others suffer from intolerably high levels of criminal violence, it calls for “institutions that are capable and responsive” and able to “meet people’s core demands for security, justice and well-being (4). The authors claim that “government institutions are the building blocks of a prosperous and sustainable future” (5). , Sound institutions, will both stop theft and the waste of nature resources (5).

Goal 10, of the Post 2015 Agenda document, “ensure good governance and effective institutions,” calls for freedom of speech, association, the right to peaceful protest, access to independent media and information, the reduction of corruption, and the accountability of public officials. Within the realm of good governance, this same document identifies the reduction of bribery and corruption as an especially useful target (52). In the annex to the document, which gives “illustrative goals and targets,” there is, however, only one specific political indicator related to the target of achieving “stable and peaceful societies”: that of justice institutions that are “accessible, independent, well-resourced and respect due process” (31).

The issue of the negative impact of the operation of the global economy on the opportunities of Global South countries to achieve equitable growth has been one of ongoing contention. While there has been recognition of the problem there is still little in the way of substantive efforts to create the conditions needed for sustained export-led expansion. The Millennium Declaration, which recognized that all nations of the world “shared responsibility” for economic and social development and peace and security in the world and called for commitment to an “equitable, rule-based, predictable, and non-discriminatory multilateral and financial trading system (2, 4), had inspired original goal number eight. However, this goal, “Develop a Global Partnership for Development,” entered the picture in a concrete way only once Global South countries and civil society organizations became intensely engaged in the

MDG discussions. The power differentials between north and south, and the resistance of northern countries to effectively address issues of trade, were instrumental in ensuring an outcome in which MGD goal eight was the only goal which did not have any explicit quantitative obligations or deadlines.¹¹ By 2008, however, a report entirely devoted to goal eight reflected growing impatience with the slow progress towards this goal. It made a plea for a successful conclusion of the Doha Round of trade negotiations to address the needs of developing countries, especially least developed countries, and for improved market access for the Global South. It also called for a “substantial reduction” of tariffs and tariff escalation on agricultural products, textiles, and clothing produced in developing, especially in the least developed countries, and for a reduction in the agricultural subsidies of the OECD countries (2008, 17, 25). Acknowledging the shortcomings of the original goal eight due to the absence of quantitative measures of success and time bound targets, the Post 2015 Agenda document recommends that specific indicators be attached to the targets for aid from developed to developing countries, for market access, and for the reduction of agricultural subsidies (2013a 31). Another new element in this document is the call for developed countries to take responsibility to ensure that multinational corporations do not bribe foreign officials and report on the social, environmental and economic impact of their activities (2013a, 8). While the Post 2015 Agenda document represents an improvement over earlier documents with regard to this goal and others, it fails to grapple sufficiently with the inequality issue.

Equality in the Post 2015 Agenda

The Post 2015 Agenda sticks to the central goal of reducing extreme poverty, now calling for its elimination, and continues its laudable focus on the most vulnerable. Notably, the document reflects explicit faith (found in most post Washington consensus thinking) that by

targeting extreme poverty, inequality will decline (16).¹² In its failure to give inequality sufficient attention, the document continues the treatment of development goals as distinct silos. Although, as the document claims, continued attention to extreme poverty will no doubt have some impact on inequality, targeting extreme poverty is not a panacea for high levels of inequality. Indeed, it is very possible for extreme poverty to decline, while the top 10 percent of households increases its share of wealth. In other words, the lot of the bottom may be improving, but not as quickly as that of upper income levels. Indeed, the data presented in the 2007 report, cited earlier, explicitly admits that this is exactly what has been occurring in parts of Asia. Further, the Post 2015 agenda assumes that “disaggregating data” in revealing what groups are being left behind, will prompt leaders to pursue measures that will address the problem. However, there are many reasons, explored further below, why policymakers may be unwilling or unable to do so.

An important aspect of the post 2015 agenda involves creating and sustaining equality of opportunity—a focus that will arguably contribute to both poverty and inequality reduction. This, however, involves, an almost exclusive focus on access to government services on the grounds that when everyone has access to health care, nutrition and education “many of the worst effects of inequality will disappear” (16). While the document does acknowledge quality education as a goal, the real concern remains access to service. Indeed, three of the four quantitative indicators are explicitly access indicators (16).¹³ Given that access to primary education is close to being achieved (in 2011, enrolment in primary school reached 90 percent in developing regions (2013b, 15), this report expresses concern about the decrease in the rate in the expansion of enrolment, especially in the poorest countries, mostly in Sub Saharan Africa. However, it is arguably a mistake to focus so exclusively on access, without attention to quality, because access

to only poor quality education by the poorest will have long term negative consequences for equality. Low quality education will not prepare children of the poor properly for employment (especially if they remain functionally illiterate even after a primary education); and, it will most certainly exacerbate inequality as a low quality education will reduce the chances of success at the secondary and college/university levels. Indeed, low quality primary education will block access to higher levels of education. Chile is a good example of the way in which a sharp duality in the educational system has contributed to high levels of inequality.¹⁴

As important as democratic institutions, accountability and a solid judicial system are to the improvement of the quality of life, their identification as instrumental in the solution of the enormous social and economic challenges faced by Global South countries belies deeper underlying conditions that will need to be addressed first, if there is any hope of establishing stable political institutions and lasting social peace. Stable state institutions must rest on consensus and a widely held public sense of their legitimacy—a condition often absent in global south countries with high levels of civil and criminal conflict. Insofar as high inequality (along with many other factors, of course,¹⁵ (Elabadawi and Sambanis 2000; Muller 1985; Deininger 2003; Kalyvas 2003; Kasfir 2004) contributes to the underlying conditions that contribute to both institutional instability and criminal and civil conflict, its reduction (along with efforts to address these other underlying conditions) must be seen as integral to sustainable and just development.

The post 2015 Agenda document avoids any mention of the way in which labor flexibilization (involving, among other things, ease in hiring and firing workers and few obligations to provide benefits), a predominant feature of economic globalization, creates labor precariousness and conditions that place people on the verge on falling into poverty.¹⁶ It also

contributes to inequality as the wage and benefit differential between workers with formal employment, and those employed under flexible labor regimes, increases. With the onset of economic globalization, the employment to population ratio has declined everywhere in the world. In most countries we have also seen a decline of the wage share of total income, greater inequality between capital and labor, and an increase in the dispersal between high and low wage earners. Everywhere, there has been a dramatic increase in non-standard employment (temporary employment without benefits) (van der Hoeven 2013, 15-17). In addition there is an important wage differential based on gender as most workers in export processing zones, where labor regimes are flexible, are female. Indeed, it is among workers engaged in this “flexible” employment where a great deal of the poverty is (19).

It is hard to imagine how “good and decent jobs” and “secure livelihoods,” important MDG objectives (United Nations 2013a, 2, 4), can be assured without improved labor protection. Minimum wage laws and laws providing for benefits can be important instruments of poverty reduction but are strongly discouraged by the World Bank and the IMF given the belief that labor flexibility is what encourages private investment. Indeed, the Post 2015 Agenda document explicitly rejects across the board minimum labor standards recommended by the International Labor Organization on the grounds that current differences in labor markets across countries are too vast (47). Indeed, the epitome of employment generation via flexible labor regime appears to be the export processing zone, involving a set of arrangements that have invariably produced low paid, precarious labor, in unhealthy and dangerous working conditions. Nevertheless, the International Financial Institutions (the IMF and the World Bank) see export processing zones as a key instruments of income poverty reduction and inclusive sustainable development. Export processing zones, for example are encouraged in Poverty Reduction Strategy Papers for the

poorest countries.¹⁷ This sort of strategy, as a generalized solution to the pressing need for employment in the Global South, is highly problematic: only a few countries can take advantage of the supposed opportunities afforded by export processing zones, usually for only a short time. Once wages begin to rise, or another country offers lower wages, production will invariably shift elsewhere raising the spectre of rising unemployment.¹⁸

Another important attribute of economic globalization which receives no mention in the Post 2015 Agenda document is the enormous increase in economic concentration that has come to characterize many Global South countries. Economic globalization has signified an increase in the income and wealth of the already wealthy. In many Global South countries, privatization and trade liberalization has produced an enormous increase in assets in the hands of domestic and international business.¹⁹ However, the MDG conceptualization of sustainable development involves lifting those at the bottom; it does not consider redistribution through the reduction in the enormous wealth of those at the top. Passing references to the need for domestic business to “stem aggressive tax avoidance and evasion” (5) and for “stronger tax systems (12) suggests some concern for access to wealth at the top. But there is no general discussion of the problem, nor any consideration of goals or targets to achieve redistribution from the top downwards. In many of the poorest countries, another area of asset concentration that has implications for the poor involves the growing problem of land acquisition (“grabs”) by domestic and transnational corporations and individuals, especially since 2007/2009, a phenomenon that had negative impacts on small farmers and pastoralists, especially in Africa, who have lost access to their livelihoods (Cotula, Lorenzo 2013; Hall 2011).

MDG documents claim that the objective is to provide worthwhile goals and targets, not to constrain countries in their choice of particular development policy to reach those goals and

targets. In other words, policy paths are up to country leaders. But, in fact, the MDG documents do make fairly specific policy recommendations insofar as these documents omit some policy possibilities that have been successful in the past, and strongly hint at others. MDG documents should be seen as “guiding” country policy preferences. The Post 2015 Agenda document, while claiming not to be prescriptive (there is no “single recipe”) is partial to a minimalist role for the state and expansion in trade as the mechanism to achieve economic growth. The document claims that some growth patterns “especially those that are supported by open and fair trade globally and regionally” offer the greatest opportunities. The role of the state in this type of economic growth involves a variety of standard (and meek) state actions. These include investment in infrastructure, spending on education and training programs, and the creation of a “stable environment that enables business to flourish,” including the elimination of red tape and over regulation (9). There is, in short, a heavy reliance on the market, unencumbered by strong and purposeful state intervention. It is the market that will lift up the poor and most vulnerable and provide sustained and well-paying employment. The Post 2015 Agenda document expresses faith that jobs and opportunity will expand “when the market economy expands” (47).

Finally, the Post 2015 Agenda retains faith in current global institutions and in the structure of the global trading and investment system—including the integration of Global South producers into global production chains. It is these arrangements and institutions that will, according to the Post 2015 Agenda document, secure improved livelihoods in the Global South. Hence, the document seeks to strengthen the participation of Global South countries in global production chains by advocating for the loosening of restrictions imposed by rules of origin on global south imports. Envisioning sustainable development as increasingly driven by trade, by the increasing integration of Global South countries into global production chains dominated by

the multinational corporations of the industrialized countries, the document characterizes the WTO as “the most effective tool to increase the development impact of trade”(54).

Without taking up the gauntlet of inequality reduction as a crucial development goal, other goals (continued reduction in poverty and social peace) are endangered. In the absence of a full recognition of the drawbacks imposed by economic globalization on the policy choices of the Global South, it is unlikely that countries will be able to achieve export-driven growth that will produce a sustained improvement in livelihoods and reduced levels of inequality. The setting of new goals, targets and indicators, will, no doubt, make some inroads into poverty reduction and the improvement of human development indicators, but they are far from optimal, especially for inequality reduction.

Why isn't the Goal of Greater Equality more Vigorously Pursued?

If inequality reduction is an essential ingredient to poverty reduction over the long-term and if it has been so closely linked to rises in civil and criminal violence, why then does it not figure more predominantly in the Post 2015 Agenda? Below I explore some of the reasons why this is the case.

Having inequality reduction as a key goal would likely require considerably stronger state policy measures than those tolerated in the Post 2015 Agenda document. This is so because lowering inequality requires economic growth that generates sufficient employment and employment that provides a decent wage and social protection. There is abundant evidence that vigorous state policies (as occurred in the Asian NICs of South Korea and Taiwan) are crucial to export-led economic growth with sustained employment expansion (Haggard 1990; Wade 1990; Kohli 2004). However, the predominance of the neoliberal paradigm, the power of its major beneficiaries, and the current global trade and investment regime, enforced by the World Trade

Organization, effectively inhibits the sort of vigorous state role in investment and export-led growth that produced economic growth with low inequality in the Asian NICs. Export subsidies, used generously by the Asian NICs to stimulate industrial development and employment expansion, are now illegal, except for the poorest countries. Nor can countries require foreign firms to purchase from local ones, a policy that can be used to encourage national industrial integration and contribute to employment generation across a wide swath of economic sectors. China and India, for example, had required the use of local inputs by firms in their export processing zones, policies held responsible for stimulating their domestic auto parts industries (Rodrik 2011, 199). In addition, Global South countries are prohibited by the WTO agreement on Intellectual Property Rights (TRIPS) from copying, or adapting developed country technologies even though doing so is believed to be one of the drivers of economic catch-up (199).

In addition, there are a variety of explicitly political reasons why inequality does not figure centrally in the MDGs. The goal of the elimination of extreme poverty makes for a better public relations strategy than does a call for inequality reduction. It is probably much easier to convince the general public of the need to reduce extreme poverty with images of emaciated children, than it is to make a convincing argument for inequality reduction, especially when those at the bottom are not necessarily suffering severe deprivation. The perverse consequences of rising levels of inequality requires more nuanced understandings—inequality interacts in subtle ways with many other factors—a reality that may not translate into a highly effective public relations campaign. Furthermore, as the authors of the Post 2015 Agenda admit, the purpose of the MDG goals is mainly to inspire (2013a, 15). Hence, according to this argument, goals need to be few in number and easily subject to campaigns that will spur commitment and

action. Extreme poverty, embodied in images of desperately poor people, is highly effective at appealing to people's sense of basic decency in a way that an appeal to reduce inequality would not be.

Furthermore, because rising levels of inequality also characterize the industrialized nations, making it central to the MDGs might mean that it is important enough to be addressed in the north as well—something that many northern leaders probably do not want to do. Indeed, while there is a world consensus on the need to reduce extreme poverty, such a consensus does not exist on the issue of inequality. The Post 2015 Agenda document so much as admits this point when it declares that “countries differ widely in their views of what level of inequality is acceptable” (16). As noted earlier, in the past, inequality was widely accepted as an essential part of the development process. Especially in those middle and high income developing countries where inequality has often been high (particularly in Latin America), it has been difficult to build a national consensus around the need to reduce it. Indeed, the situation is made more difficult by the fact that middle classes of these countries are often suspicious of, or even hostile towards, lower classes.²⁰

Clearly, inequality reduction is a goal that would likely face a number of very difficult, perhaps insurmountable, political obstacles. Its reduction would require the rectification of the regressive or only mildly progressive taxation systems that characterize much of the Global South (Sandbrook et al. 2007, 41). This would mean increased taxation and collection of revenue from middle and upper classes, and from businesses who will surely fiercely resist. Equity in health care would require the unification (and redistribution towards lower income groups) of highly segmented health care funds and other services—arrangements that are features of many of the world's most unequal societies.²¹ Measures that address the poor quality educational

services provided the lower classes (while middle and upper classes avail themselves of tuition-charging high quality private schools), are likely to find scant support among the well-off and powerful, unless the middle classes become adversely affected. The accomplishment of substantial poverty reduction in the Global North after World War II is believed to have involved a political settlement in which competing groups (capital and labor) agreed to redistributive compromises (Sandbrook et al. 2007, 13-15). Most Global South countries are very far from reaching such political settlements. Since Global South countries are often characterized by historically higher levels of inequality, which have become reinforced over long historical trajectories, frequently involving distinct ethnic, racial, linguistic and cultural dimensions, policies to mitigate the problem, even if there is a societal consensus on reducing inequality, will likely not show positive results quickly. There are compelling political reasons, therefore, to focus on goals, like the reduction/elimination of extreme poverty that can show some immediate discernable improvements. Although many upper/middle income developing countries have high levels of inequality, they have performed well on MDG goals and targets. Making inequality reduction an important goal will not likely sit well with the leaders of countries that have hitherto performed well on MDG goals.

Conclusions

If we wish the Global South to achieve sustainable improvements in even the human development indicators established in the original set of goals and targets, inequality reduction needs to be a central objective of the exercise. Establishing and maintaining generally lower levels of inequality is important to continued economic growth and to peace and security. But power realities (both domestic and international) have dominated the discussion of the Millennium Development Goals from the very beginning. Developed country agendas and the

predominant economic thinking as to what constitutes good economic policy have shaped the formulation of goals, targets and indicators. There has been some evolution over the last decade as global south countries, civil society organizations and academics, have pressed their points of view—but a careful reading of the MDG documents, and especially the more recent Post 2015 Agenda, suggests that UN reflections on what is necessary is still very much shaped by the neoliberal agenda.

Endnotes

¹ For a full listing of goals, targets and indicators see, UN 2003

² See <http://www.un.org/millenniumgoals/reports.shtml>. Yearly progress reports are produced by the UN Department of Economic and Social Affairs of the UN Secretariat, based on data compiled by an inter-agency and expert group comprised of representatives of many international organizations, including the World Health Organization, the World Bank, the World Trade Organization, and various UN organizations. There is also a series of MDG Task Force Reports, authored by the MDG Task Force, a group created by the Secretary General to improve the monitoring of MDG Goal eight, the global partnership goal. The task force includes representatives from more than 30 UN entities and other organizations, including the World Bank, the IMF, the WTO, the ILO and the OECD. Finally, there are reports from the office of the Secretary General and other UN reports by specific UN agencies.

³ The topic of gender inequality in development and its treatment in the MDGs would require a separate paper. See, for example, Sen and Mukherjee 2013.

⁴ This recent increase in inequality levels marks a change in comparison with what was observed during the thirty years following World War II when, with the exception of Latin America and parts of Sub Saharan Africa, a widespread move toward greater egalitarianism occurred in the majority of societies, both developed and developing (Cornia, Addison and Kiiski 2004, 26)

⁵ Inequality in China increased from .29 in 1981 to .42 by 2009 and in India from .31 to .34 between 1983 and 2010 (World Bank Indicators).

⁶ On the relationship between income polarization and political revolt in southern Mexico, see Rodolfo de la Torre (2008).

⁷ Poverty eradication was the leading issue of the report. The priorities of this report were different from those of the earlier DAC document: gender equality and women's empowerment, reproductive health, and goals for the health sector had disappeared while economic growth, technology, environment issues, and Africa's problems were now included. This report called for deeper and faster debt relief and for developed countries to further open their markets to poor countries.

⁸ See, for example, the series of academic working papers critical of the MDGs, published by FXB Center for Health and Human Rights, Harvard University <http://fxb.harvard.edu/working-paper-series/>.

⁹ Decent employment was not among any of the four indicators required to eradicate extreme poverty. The only reference to employment occurs in Goal eight (Global Partnership) and it occurs with reference to youth only. This item calls for the development of strategies for the achievement of “decent and productive work for youth” to be monitored through unemployment rates among 15-24 year olds. Goal three calls for the promotion of gender equality, to be measured by 4 indicators: the ratio of girls to boys in school enrolment, the ratio of literate women to men among 15-24 year olds, the share of women in employment in the non-agricultural sector, and the proportion of seats held by women in national parliaments (United Nations Development Group 2003, x).

¹⁰ These issues begin to appear in 2007 and also figure notably in the 2010 report, *Keeping the Promise*.

¹¹ Goal eight calls for quota and tariff-free access for the exports of the least developed countries and for developing country access to affordable and essential drugs. It also advocates for an enhanced program of debt relief and increased development aid from the industrialized nations.

¹² The assumption is that the market will incorporate all but the extremely poor.

¹³ The fourth indicator, which might be considered a measure of quality, involves the percent of young people with technical and vocational skills.

¹⁴ In many countries where inequality is high, especially in Latin America, entry to a good preparatory school, which is private and charges tuition fees, is essential to gain entry to university. The children of lower income groups are confined to the poorly funded public system where they cannot gain the academic preparation necessary to perform at the post-secondary level. In Chile access to a high quality secondary education that could lead to university is not available to low income groups with the result that only a very low proportion are able to perform well enough on university entrance examinations to gain admission (OECD and IDRB/World Bank 2009, 13).

¹⁵ The myriad of other factors that have been identified include poverty, heavy dependence on resource based exports, autocracy and lack of political freedom, the level of resources and organization available to dissident groups, fear, greed, and a variety of peculiar contextual circumstances and grievances. Of course all of these factors interact with each other and with inequality thereby exacerbating the impact.

¹⁶ This issue is ignored in the Post 2015 Agenda document despite the fact that during consultations of people living in poverty, the authors claim to have heard about the feelings of powerlessness by those in precarious employment (United Nations 2013a, 2).

¹⁷ See for example, Tanzania's most recent Poverty Reduction Strategy Paper (IMF 2011, 124). The Highly Indebted Poor Country Initiative and Poverty Reduction Strategy Papers are considered to be integral components of the partnership for development and to the reduction of extreme poverty and debt loads. See UN 2008, 27-29).

¹⁸ This phenomenon is illustrated by the flight of "maquilas" from Mexico to China in the early 2000s, and the subsequent flight of companies from China to even cheaper labor countries like Bangladesh after 2007.

¹⁹ This is so because the many large companies being privatized could only be purchased by large domestic companies and foreign partners, which once having purchased state companies, came to control entire economic sectors. In addition, only large companies could survive trade liberalization, while many smaller domestic firms went under.

²⁰ For example, according to a recent survey, one sector of the Chilean middle classes, the lower middle class, continues to harbor considerable hostility toward the poor (Stillerman 2010: 230).

²¹ On the political resistance to the unification of Chile's highly unequal health care arrangements see Teichman 2012, 154).

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