

Beyond the financial crisis – The Sustainable Development Goals and the need for a grand bargain between sustainability and development¹

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The adoption of Sustainable Development Goals in 2015 to replace the Millennium Development Goals represents a victory for the environmental movement and an acknowledgement by the development community that sustainability is integral to achieving development goals. This paper uses this historical moment – of an international financial crisis *not* translating into a global economic downturn – to reflect on the wider political economy of development goal setting.

Every significant international agreement is a product of its time. The Versailles Agreement would not make sense in 2014; even the UN Charter looks careworn as it approaches its seventieth birthday. Development goal-setting has been especially beset by well-intended but rarely implemented frameworks and goals: just witness the Pearson Commission of 1969 that set the original 0.7% aid target, the Brundtland Report of 1987, the UNCTAD conferences on Least Developed Countries in the early-1990, or even the Universal Declaration of Human Rights. And just witness our own meteorically-obscure Commission for Africa report written for the G8 in 2005 with yet another plan to develop Africa, that somehow managed to miss that Africa was not about to run headlong into a financial crisis like the rich world was.

The Millennium Declaration, and the Goals that followed, were historically lucky. The campaign to codify them followed a pathway ploughed by the Anti-Apartheid Movement, Live Aid, The Jubilee Debt Campaign and others that laboured over more than two decades to crystallise the issues of poverty, trade, debt and famine into political action. Richard Manning has argued that the importance of the MDGs has not been in setting policy, but for providing a framework flexible enough to enable donors to align priorities with specific Goals.² Written in the benevolent conditions of the post-Cold War, pre-9/11, world the MDGs represent a high-water mark of what Johann Galtung³ has called the ‘Newtonian Worldview’ of an ordered, predictable and limited system where underlying indicators bend inevitably towards peace, prosperity and democracy.

The zero-draft of proposed goals of the UN Open Working Group on Sustainable Development Goals is pretty explicit that it considers poverty eradication to be the ‘greatest global challenge facing the world today.’⁴ We argue that this statement either stretches the definition of poverty to breaking point, or buys into the notion that sustainability is merely a function of development – or as it is sometimes (mis-)phrased, ‘poverty reduction.’ Instead, we argue a grand bargain is needed between development and sustainability, reframing sustainable development as *poverty prevention*⁵, and that

¹ This paper was written for the Sheffield Political Economy Research Institute’s 2014 Annual Conference ‘*The Global Contours of Growth & Development Beyond the Crisis*’

² Manning: *The Impact and Design of the MDGs, Some Reflections* in IDS Bulletin, January 2010

³ Galtung and Scott, 2008

⁴ *Introduction and Proposed Goals and Targets on Sustainable Development for the Post-2015 Development Agenda* UN Sustainable Development Knowledge Platform

<http://sustainabledevelopment.un.org/content/documents/4044140602workingdocument.pdf>

⁵ Following Ros Wade and Jenneth Parker in *EFA-ESD Dialogue: Educating for a sustainable world* 2008 for UNESCO

the success of the MDGs comes not from individual targets, but from the political process that put them together.

Energy-Added

Just as the MDGs were a product of their time, the post-Berlin Wall, pre-9/11 era of benevolent internationalism Francis Fukuyama controversially called *The End of History*⁶, we can't escape that the SDGs will be a product of ours. And the grand narrative of the 2010s, so far as those things are useful, is financial crisis in the rich countries (particularly English-speaking ones), economic resurgence in large parts of Asia, Africa and Latin America aided by potentially time-limited confluences of better governance, high commodity and land prices, a decline in political violence, and the tail-end of increased ODA.

In short, the 'balance of power' has shifted in ways that are likely to make the SDGs less prescriptive; more open to innovation; less focused on 'poor' countries and guided instead by a sense of universalism; concerned with governance, financial security and violence; and focused on reconciling sustainability with development. Most importantly, the SDGs are being negotiated at a point where power relationships between rich and power are at their most fluid for decades.

A phrase that the OWG currently use is *sustained and inclusive growth*. In order to get to the heart of the challenges the Goals will face, and the solutions proposed to them, we need to consider three ideas: growth, energy and innovation.

Growth, or what might be termed 'thermoeconomic expansion', is based on the premise that as we materially progress we access ever larger amounts of energy, invest in new technologies to access previously unattainable energy, or invest energy today in new technologies that off-set future energy use. Either way, modern economies are premised on the assumption that innovation will always keep pace with thermoeconomic demand.

All of the value-added to raw goods over the eighteenth, nineteenth and twentieth actually represents energy-added taken principally from limited and diminishing sources of hydrocarbons⁷. As well as intellectual value added to goods and the services that derive from them, energy is added in order to process materials into useful goods; not to mention the energy that goes into innovation from the most complex level such as the organisation of government and private resources into R+D, to the most basic such as the production of protein for humans to live into adulthood, avoid disease, increase their numbers exponentially, and be able to devote time and energy to inventing those products and services that allow us to do all of this.

That massive expansion of value-added was made possible by an equivalent expansion in the production of primary energy: principally from coal, and latterly from oil. Production of energy from

⁶ Fukuyama, 1992

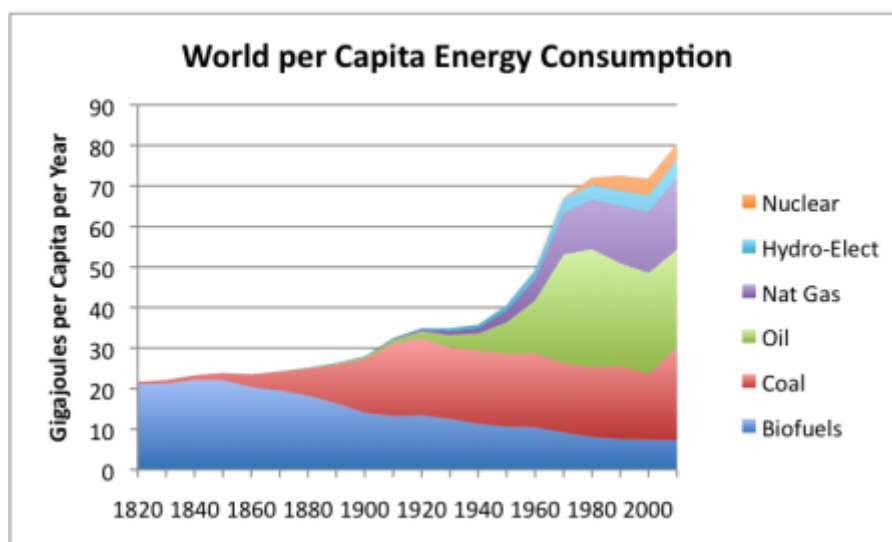
⁷ Richard Heinberg details the relationship between energy and growth in Chapters Two and Three of *The End of Growth, Adapting to Our New Economic Reality*, 2011. This section draws on his analysis, as well as on Sverdrup and Ragnarsdottir's and Ragnarsdottir and Sverdrup's chapters in *Putting Up the Sail: E F Schumacher's Economics in the Great Recession*, Roderick 2014, published by the Schumacher Institute <http://www.schumacherinstitute.org.uk>

fossil fuel sources did not just increase productivity substantially, it increased it *exponentially*. People used to cross the country on one horse power. Now they cross it on hundreds.

The only alternative to fossil fuels that produces equivalent energy out for energy in (that is primary energy used for extraction and production, as well as the cost of this, which is after all just an expression of energy deferred) is nuclear – which as well as being less efficient than fossil fuels, because of its enormous overhead and extraction costs, also has enormous political challenges.

So, the only way to achieve sustained and inclusive growth is by reinvesting the fruits of productivity: assembly lines allowed Model-T's to be built, at lower cost, allowing more people to travel farther for less money, and access ever larger markets, customer groups and suppliers of goods and services. Productivity, measured by GDP gains for hour worked, increased by 1.8%pa across six advanced nations 1870-1913, 2.0%pa in the war period of 1913-1950, 3.8%pa in the years of post-war reconstruction, and even 1.9% during the years of 'stagnation' 1973-1984⁸. Productivity itself is a very difficult thing to measure, and is still only partially understood. John Ziman gives the example of the 1990s when developments in IT should have sent productivity up; and yet output per worker actually fell in the United States⁹.

It is no surprise that the most economically productive period in human history was also the period where much of the stocks of fossil fuels was used (Tverberg, below). We know also that peak energy use is either happening or will happen within a couple of decades. So our medium-term future is likely to experience a significant energy crunch. Does this matter? Won't we just come up with some innovation to solve the problem? Won't the price of renewables drop as the oil price rises? Won't the incentives just become too great not to develop cold fusion technology?



From: Tverberg (2012)¹⁰

⁸ Madison, A: Growth and Slowdown in Advanced Capitalist Economies: Techniques of Quantitative Assessment; Journal of Economic Literature V.XXV, 1987

⁹ Ziman, J: Technological Innovation as an Evolutionary Process, Cambridge University Press 2000

¹⁰ Tverberg, G: World Energy Consumption in Charts, 2012, published at *Our Finite World*
<http://ourfiniteworld.com/2012/03/12/world-energy-consumption-since-1820-in-charts/>

Innovation doesn't just happen by itself. The jet engines that power modern airliners are more powerful, use less fuel, weigh less and (when inflation is taken into account) are cheaper than those of a generation ago. But this is not just because Rolls Royce forecast a future where customers will demand higher-performing, cheaper engines. This is the real fallacy of demand; a fallacy that says that because consumers demand a product the market will inevitably find a way to produce it. ('The Fallacy of Demand' is sometimes used by Austrian economists to refer to something different; the assumption that recessions are caused by a fall in demand rather than central banks creating a money surplus.¹¹)

A large amount of energy will go into the R+D process, as well as into the salaries of all the engineers, executives and test pilots paid in money (money is just energy deferred.) The bet that Rolls Royce make is that new engines will use less fuel to go further, saving airlines money (energy deferred), meaning greater returns to investors, a higher stock price, further orders, and ultimately more money (energy deferred) taken out than money (energy deferred) put in.

This economic process is theoretically unlimited – Rolls Royce could go on producing more and more engines for less and less money. However, there are such things as physical limits. Those advanced materials are already reaching peak efficiency, and as we know are very often rare.¹² Peak efficiency means that two aspects of the Holy Trinity of productivity – substitution and efficiency – are closed to you. That means all of our bets are placed on innovation, or the invention of new technologies, to make the process more productive.

There is still a place for ingenuity, but assumptions that we can innovate our way out of the current energy crisis overlook the essential role productivity plays in innovation. Simply put, the less energy that is available, the harder it is to develop the new technologies that escaping the energy trap (and ultimately the poverty trap) is premised upon.

Declining energy productivity from fossil fuels, means fewer productivity gains that can be re-invested in developing better materials, inventing new processes, and supporting those things such as education and healthcare that people depend on in order to hold down jobs where they apply their big brains to being innovative.

Given the exponential increase in energy use that came from the use of fossil fuels, and given that the modern world is dependent on the production of so much energy out for so little in, it is not unreasonable to ask whether we can organise the world, economically, along the same lines if the availability of cheap energy comes to an end.

Innovation, Scarcity and Limits

A common response to peak energy and peak resources is that economics is not the study of *growth*, but the study of *scarcity*. The argument goes that the discipline has been thinking about scarce resources from its earliest days, because if we lived in a world of abundance people would add no value to raw materials, or so little that it would hardly be worth talking about. It is the concern for

¹¹ See, for example, this paper from the Ludwig von Mises Institute: Shostak, F: *The Fallacy of Demand* 2001 <http://mises.org/daily/581>

¹² Sverdrup, Koca and Ragnarsdóttir: *Peak Metals, Minerals, Energy, Wealth, Food and Population; Urgent Policy Considerations for A Sustainable Society* Journal of Environmental Science and Engineering (2013)

how limited intellectual and raw materials can be brought together that underpins the discipline. Economics is how we know that we are running out of important things; therefore economics will provide the solutions to this.

Ha-Joon Chang talks about how there is a misconception about innovation.¹³ He argues that the washing machine has changed the world more than the internet. Labour-saving devices have meant that household labour has become too expensive in advanced economies for all but the super-wealthy. This has had massive knock-on effects on both the labour market and on wider social cohesion (as the closing of a trade predominantly filled by women meant more pressure to open up work to all, with attendant effects on education, health-care and family life.)

Compared to this, the internet is still in its infancy. It has made a few billionaires, opened up a new way of doing business, and enabled millions more people to access markets and opportunities. But the internet has yet to produce structural change in terms of gender or class relations in the way domestic appliances, or the automobile, or the production line, clearly have.

This innovation fallacy means that we tend to assume that the modern is more innovative than the old, and that the future will be even more innovative still. In short, that innovation is exponential and benevolent. Thinking about the future, therefore, becomes an entirely utopian act where problems today will be overcome by clever and unanticipated change. E F Schumacher bemoaned that the success of scaled-industry – and scaled social systems – had blinded people to the idea that production could not just get bigger and bigger, and efficiencies smaller and smaller, without bumping into physical limits.¹⁴ There is a possibly apocryphal story that he was displeased with the title his publisher forced on *Small is Beautiful*. His more subtle point was that society suffers from what he called the Idolatry of Giantism, the assumption that bigger was not only better, but more efficient. History is replete with industries that have boomed and then collapsed because short term desire to expand has come at the expense of long-term sustainability.

Keynesian analyses of the Great Depression frame that crisis as a super-adjustment to allow productivity to realign with growth.¹⁵ But what if economic recessions are not always structural realignments in productivity? What if the cause, and the consequence, of recession is *lower* productivity brought about by constraints on innovation caused by under-supply of certain minerals and energy necessary to maintain economic growth, and the over-supply of debt to bridge the gaps? Piketty's analysis is that two decades of capital growth up to 2007 masked the emerging productivity gap that is so obvious now post-recession¹⁶. Productivity is now 21% below the peak¹⁷, whereas GDP will surpass 2008 levels in the second half of 2014. No readjustment in productivity occurred, and we have a clue that economic recovery is not being solved through innovation.

Productivity is the force that undermines Marx's claim that wealth will always concentrate (following Simon Kuznets.¹⁸) That is, at a certain point gains in capital accumulation will be reinvested in

¹³ Chang H-J: *Twenty-Three Things They Don't Tell You About Capitalism* 2011

¹⁴ Schumacher E F: *Small is Beautiful: A Study of Economics as if People Mattered* 1973

¹⁵ See, for example, Skidelsky R: *Keynes, The Return of the Master* 2009

¹⁶ Piketty T: *Capital in the Twenty-First Century* 2014

¹⁷ *International Comparisons of Productivity - Final Estimates, 2012*; Office for National Statistics;
http://www.ons.gov.uk/ons/dcp171778_353315.pdf

¹⁸ Piketty T: *Capital in the Twenty-First Century* 2014

increased productivity which will create new innovations and new industries that will spread wealth around. However, this assumes that scarcity is a function solely of demand, regulated by the price mechanism. It overlooks the fact that two out of three variables that make up productivity – substitution and efficiency - have restrictions in the forms of the physical limits of materials and industrial processes they are used for. In the electronics industry, for example, scarcity of REM's cannot be solved by substitution (because the metals are already rare) nor by efficiency, as these materials are already used because they are the most efficient materials around for conducting, resisting or insulating the flow of electricity.¹⁹ And the third variable – innovation – is dependent on society being able to deliver good quality education, healthcare, social protection, and a thriving ecosystem of industry to compete for and produce the best minds: again all things that are the result of previously reinvested gains in productivity.

Malthus is often given as the example of how economics fails to account for innovation²⁰. So too is Paul Ehrlich, who even offered a wager that the human population would have to reduce to 2bn by 2150 in order to accommodate economic growth and avoid environmental catastrophe²¹. Malthus was unfortunate to live on the cusp of the industrial revolution, Ehrlich the Green Revolution, both of which achieved something thought impossible under the 'old' paradigm: feed the masses in cities through increases in productivity from mechanical farming; and feed a billion south and east Asians through the development of high yielding grains and land reform.

But if Malthus had presented his calculations and then concluded that none of it matters because human innovation will solve the problem, would he have been taken seriously? If climate sceptics claim that the science is too uncertain to adjust our economies, why is it unreasonable to question the assumption that we should plan our economies on some unanticipated and perfect future technology being invented to solve the problem instead? Richard Heinberg refers to this theory as 'Malthus' Ghost', the idea that *deus ex machina* are the product of market forces.²²

However, as we are starting to understand, innovation is dependent on the energy that we have available. Increases in productivity in the last 200 years have not just been the most rapid in all of history, but are incommensurate with everything that came before. Because the transition from muscle, wind and water power to fossil fuel (and eventually atomic power) was so transformative, it is understandable that innovation over the last 200 years has been so rapid too. Our future economies are premised on this exponential growth in productivity continuing, without taking into account what even marginal declines in energy intensity would do to our economies.

Even analyses of inequality endorse the 'Get-Out-of-Jail-Free' premise that innovation is the solution to the problem of physical limits; the idea that *somebody* always gets richer even during economic stress, and the general stock of wealth (or at least the physical potential to convert energy into wealth) always rises. Aided by a benevolent tax regime, the price of brain power will rise to such a level that it will be incentivised to solve any problem. This assumes of course that we never reach

¹⁹ Sverdrup, Koca and Ragnarsdóttir: *Peak Metals, Minerals, Energy, Wealth, Food and Population; Urgent Policy Considerations for A Sustainable Society* Journal of Environmental Science and Engineering (2013)

²⁰ Malthus, T: *An Essay on the Principle of Population* (1798)

²¹ Ehrlich, P: *The Population Bomb* (1968)

²² Richard Heinberg *The End of Growth, Adapting to Our New Economic Reality*, 2011

'peak brain': the point at which even the price mechanism cannot wring further productivity gains from systems experiencing multiple ecosystem and resource shocks at once.

Piketty's analysis does not challenge the idea of thermoeconomic expansion; it just points instead to either the fruits of increased productivity returning to a smaller number of people, or economic expansion improving the material conditions of a larger number because a rising tide lifts all boats. But unquestioned within this analysis is the idea that the earth can produce ever greater amounts of wealth.²³

Colin Hay's paper from two years ago characterises the financial crisis as not one of public indebtedness, but rather as public attempts to shore up private indebtedness²⁴. But what has caused that private indebtedness? Firstly, it has been the transfer of personal wealth from market investments such as pensions and stocks, to capital investments such as property – leading to self-sustaining property bubbles, as well as to exponential complexity in financial vehicles.

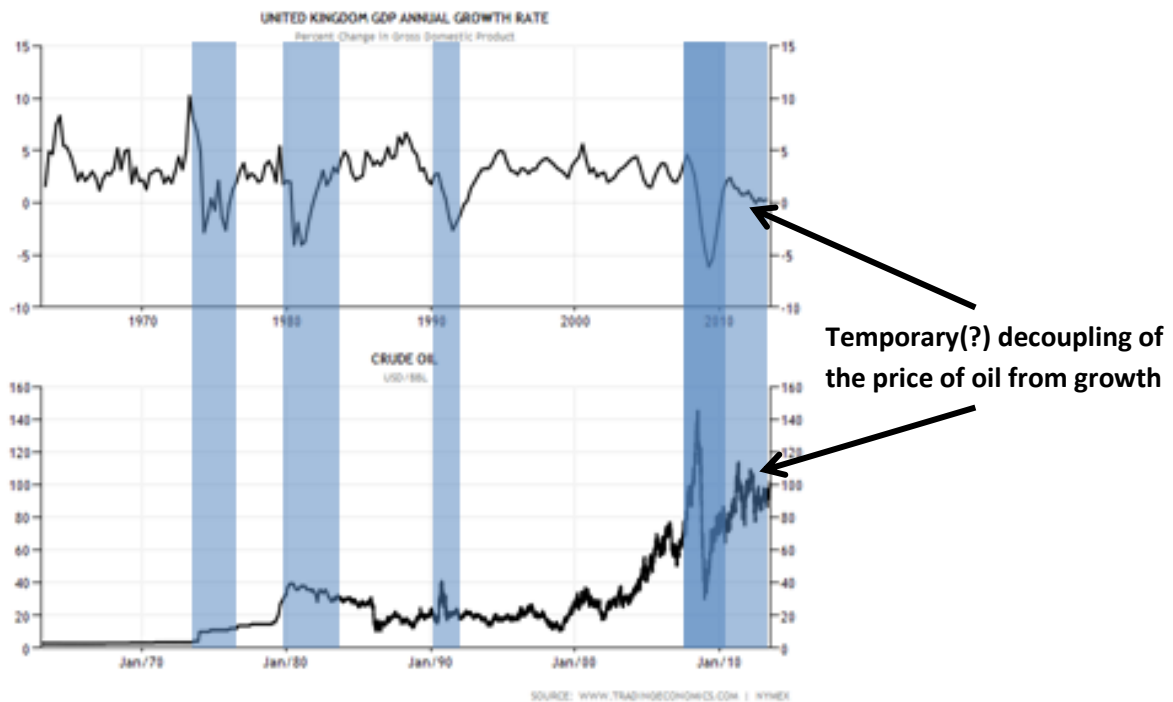
Secondly, is the possibility of environmental and resource shock expressing themselves through markets. If you look at growth rates across America and Europe what we see is a profound decoupling of the oil price from growth during the Great Recession in a way that is different to previous recessions. As an enormously sensitive indicator of economic health, and as the modern economy's most important resource, we would expect the oil price to be a pretty good proxy for how the economy is doing.

In the chart below I show the price of Brent Crude oil benchmarked against growth in the United Kingdom.²⁵ As can be seen, since the oil shocks of the early 2000s the price of oil seems moderately inversely-correlated with growth, with perhaps a stronger correlation between larger movements at times of recession than during other times (recessions are marked in light blue, with the 'recession proper' of 2008/09 in dark blue and the entire period of stagnation from the start of the recession to mid-2013 marked at right.)

²³ Piketty, T: *Capital in the Twenty-First Century* 2014

²⁴ Hay, C: *Setting the Parameters of Acceptable Globalisation*; BISA/ISA Conference Keynote on Global Challenges 2012

²⁵ Taken from Roderick, A: *Introduction: E F Schumacher's Economics in the Great Recession* in Roderick, A: *Putting Up The Sail: E F Schumacher's Economics and the Lessons of the Great Recession* 2014



What we see is a pronounced decoupling between growth and the price of oil in this last recession, with a rapid restabilisation in prices to annual growth of 7-8%pa more than three years before a return to 'normal' economic growth of 2-3%pa.²⁶ This reflects two trends: first, that global growth is no longer fully dependent on the health of rich economies as demand for oil held up, and second that oil prices may still be sensitive to massive financial shocks, but rapidly return to their underlying price even during a protracted slump.

Development Goals as Macro-Political Bargains

E F Schumacher titled the first part of *Small is Beautiful* 'The Modern World'. Because the book is a critique rather than a thesis he has to devote a lot of space to describing the world and the way in which we see it.²⁷ As such, and because I don't pretend to have an explanatory account of the world, I have devoted most space in this essay to the macro-political economy in which development goals will be framed in 2015. But perhaps an even simpler way of putting it is that the new goals will be the product of both High Politics and low politics.

I argue that the lesson of the MDGs is that only frameworks that treat international goal-setting as bargains between development and sustainability, and recognise their divergent priorities, can hope to succeed. Riding on such success is not just the new SDG framework, but the legacy of the Millennium Development Goals and the whole development project, such as it is.

In a paper submitted to the development goal consultation process, the Schumacher Institute made the point that the MDGs look good in relation to other targets, but are somewhat mixed when

²⁶ Figures in this table were calculated using data from Trading Economics <http://www.tradingeconomics.com/>

²⁷ Schumacher E F: *Small is Beautiful: A Study of Economics as if People Mattered* 1973

examined individually.²⁸ Poverty reduction looks good on the principle measure of those living on \$1.25 a day, but MDG1 also included hunger as a measure of poverty, which in some regions has stalled or gone backwards. Universal Primary Education was not met; however net enrolment of girls improved significantly. Under-5 mortality improved; but infant and maternal mortality if anything went backwards. Great strides were made on malaria and especially HIV/AIDS, but TB became more entrenched in the two regions where it is endemic (South Asia and Sub-Saharan Africa.) Of greatest concern, of ten indicators listed for the Environmental Sustainability goal, only two (access to safe drinking water, and improvements for slum dwellers) were met, and four haven't even met the Millennium Campaign's own standards for data collection to know.

However, the MDGs were explicitly *global* goals, and in an explicitly global sense significant progress was made, particularly in 'headline' areas such as absolute poverty and endemic disease. The review process, and the debate around the SDGs has picked up on the need for regional or country-level bench-marking, as well as making open access data collection a priority.

As we congratulate ourselves on the headline achievement of the MDGs – halving absolute poverty – we overlook the fact that 80% of that reduction has been in countries such as India, China and Brazil where foreign aid per person has actually been lowest.²⁹ They have also been in countries where, due to their size and natural resources, those dispensing aid – both ODA and NGOs - have had least influence over the development projects that led to that 80% reduction.

One positive development in the language used in the drafting phase has been the deepening conversation on inequality³⁰. Talking only about absolute poverty, and having nothing to say about inequality, was heavily lobbied against by civil society groups who made the point that large numbers of the very poor now live in middle-income nations, or in nations on the way to being so, where poverty is compounded by the extra burden of higher prices for essentials such as food, shelter and healthcare; as well as all the additional things that often accompany rising inequality such as poor education, urban slums, crime and violence and environmental decay.

However, a concern expressed by the Institute, among others, was that inequality needed to be well thought out in order to be effectively tackled³¹. In particular, a hard inequality target equivalent to MDG1 on poverty reduction could have the adverse effect of replacing a specific and successful goal with an ambitious and unenforceable one. It would also have the difficulty of gaining support from rich countries who could interpret such a Goal as an attempt to enforce transfers of wealth, as well as from poor countries who could interpret it as an attempt to prevent rapidly developing countries (who often experience an *increase* in inequality) from following the development trajectories rich countries did.

Fortunately, the zero-draft of the SDGs has not proposed a hard inequality goal based on wealth transfers; which would be a political non-starter. The first three proposed targets of the Goals are

²⁸ Roderick A: *Post-2015: Time to Strike a Grand Bargain between Environment and Development*; Stakeholder Position Paper submitted to Beyond2015, 2013 <http://beyond2015.org/sites/default/files/SISS.pdf>

²⁹ The Millennium Development Goals Report 2013, pp-7-8 <http://www.un.org/millenniumgoals/pdf/report-2013/mdg-report-2013-english.pdf>

³⁰ See, for example, Melamed C: *Inequality in post-2015: focus on the targets, not the goals?*; ODI 2014

³¹ Roderick A: *Post-2015: Time to Strike a Grand Bargain between Environment and Development*; Stakeholder Position Paper submitted to Beyond2015, 2013 <http://beyond2015.org/sites/default/files/SISS.pdf>

worth commenting on, however. In explicitly eradicating extreme poverty (<\$1.25/day), reducing the number of people living below the poverty line in each country, and implementing social protection floors for the poorest and most marginalised, these Goals attempt something *qualitatively* different to the MDGs, namely poverty eradication rather than merely reduction.

None of these aspirations are unworthy. However it needs to be repeated that where the MDGs lifted the *second* poorest billion people out of poverty, the SDGs propose to lift *the* poorest billion; the Millennium Campaign acknowledge themselves that absolute poverty was not reduced in all countries; a number of star performers made up for no progress (and even things going backwards) in certain countries that experienced conflict or humanitarian disaster³²; and that social protection schemes are most often found in middle-income or rapidly developing states where the tax-base of a large middle class can be developed.

The SDGs propose, therefore, to not only take a qualitatively different approach to poverty reduction (one that we argue will be harder than the MDGs), but to do this at the same time as tackling the growing crisis of environmental sustainability that risks reversing all of the gains made by the MDGs. The implicit assumption, therefore, that the SDGs will be easier now that the MDGs have built up momentum, needs to be challenged.

Rather than concerning itself explicitly with *equality*, the CONVERGE project has argued that the SDGs stand a far greater chance of succeeding if *equity* - needs-satisfaction deferred on the understanding that they will be met at a future point - is the objective.³³ If poor countries are to become rich countries, both history and physics suggest they will have to do so in a cleaner and less profligate way than the currently rich did.

However, we can't escape the fact that throughout history countries are most carbon-intense and least sustainable on their way to becoming rich, not when they get there. So if the message to developing countries is that they are not allowed to develop in the same way as rich countries developed – and use the comparative advantages of cheap labour, or material resources, or unspoilt lands – are we sure that they will sign up to this? Is it democratic to impose solutions on people without securing their consent? One of the few continental public opinion surveys, Afrobarometer³⁴, shows pretty consistently that what publics across Africa want is growth and jobs. Given six choices, an overwhelming 59% say that the major task of government is to improve the economic conditions of the poor. Unemployment is rated as the most important issue by 13% of people, poverty by 9%, infrastructure by 8% and economic problems by a further 8%. Outside of the economy and employment, food and farming scores 13%, health 9% and education 6%. Neither the environment nor sustainability (nor foreign aid) score the 1% necessary to be listed in the data.

I argue that the SDGs may be more useful when seen as an arena for political bargaining than as a framework for action. This is, essentially, the genius of the MDGs: they were structured in such a

³² As detailed in the report by the UN System Task-Team on the Post-2015 Agenda: *Realizing the Future We Want for All, Report to the Secretary General*; New York 2012 Accessed at:

<http://www.undp.org/content/undp/en/home/librarypage/poverty-reduction/realizing-the-future-we-want/>

³³ Vadovics et al 2013: *Creating a Converging World – Equity Within Limits. Policy Brief and Recommendations*; www.convergeproject.org/sites/convergeproject.org/files/CONVERGE_WP6_PolicyBrief_D34_spread.pdf

³⁴ Little and Logan 2009: *The Quality of Democracy and Governance in Africa: New Results from Afrobarometer Round 4*; http://www.afrobarometer.org/files/documents/working_papers/AfropaperNo108.pdf pp.19

way as to permit a level of political negotiation whereby consent was the principle product, and ownership the principle means. Rather than an expert process of highly technical goals, they set broad but specific targets, and put national coordinating committees in charge. This allowed both appropriateness and ownership to drive the process.

Dialogue is great, and consultation is important. Many critics have complained that the MDGs originally neglected the views of beneficiaries and intermediaries like NGOs and developing country governments. So it is good that the post-2015 process is starting with these groups. But another danger lurks, and that is to fail to learn the lessons of what the MDGs got right.

First of all, they secured consent. The MDGs were the product of a pre-9/11 period of cooperation aided by a relative global peace and general economic good fortune. 192 countries eventually signed up to the MDGs, creating enormous legitimacy in a way few international agreements ever achieve.

Second, they stuck to simple messages about achievable, but ambitious, targets. It confronted the big ones, such as those living on less than \$1 a day (later extended to \$1.25), education, and the major diseases of poverty, on the principle that if you get the big things right then other good things will follow such as women's rights and strengthening public health.

Third of all, they communicated their aims effectively. The mantra of eight concise goals was adopted by the media, reproduced over and over on the internet, and drummed into people the world over from African classrooms to Wall Street boardrooms

Fourth, they got lucky. Food security improved through growth in land and agribusiness. China, India and others lifted a billion people above the poverty line, and Sub-Saharan Africa is today the strongest growing region in the world. Governance, whilst awful in certain places like Zimbabwe, North Korea and Syria, became generally better in many others.

However well-intended consultations are, compromise just to keep people happy raises the danger of weakening the Goals. Exciting and ambitious proposals have been proposed such as introducing a 'social floor' below which nobody should slip (an idea promoted by the ILO³⁵). The trouble with something like a social floor is that they could unite rich and poor countries alike by implicating the poor in their own failure and suggesting that rich nations are obliged to pay for it.

Most countries have the opposite development experience. Inequality, and the poverty of a minority underclass, actually gets worse before it gets better. A social floor is a wonderful aspiration, but more work is needed on the balance of economic incentives and policy reforms needed for effective social protection.

The framers of the original MDGs (I have been trying to think of an appropriate description for them: James Madison scribbling on the back of an envelope comes closest) had the nous, or perhaps the opportunity, to get the politics right first and shape development goals around them. Filling in the gaps that the MDGs left, trying to keep everybody happy, or failing to read where the world might be in 2025 or 2030, will squander the legacy of the MDGs just as surely as not acting at all.

³⁵ *The Social Protection Floor Initiative Factsheet 2012*; International Labour Organisation
http://www.ilo.org/secsoc/information-resources/publications-and-tools/Brochures/WCMS_207781/lang-en/index.htm

But what all enduring instruments have in common is perhaps the political compromises that they have to make. The Constitutional Convention was a bargain between Whigs and Federalists (Americans still describe themselves and Hamiltonians and Jeffersonians today). The UN Charter balanced the fears and hopes of decolonisation and anti-totalitarianism. And the Millennium Declaration had to sacrifice a number of aspirations (particularly on security and reproductive health) in order to gain widespread support.

The most important lesson to take from the Millennium Development Goals is that they were a political, and not a technical act. Waage et al³⁶ point out that MDG success is representative of a switch from a 'maximalist' to a 'minimalist' approach to development, focused on achieving minimums rather than on grand utopian ideas of structural change. A generalised neo-liberalism won out over Post-Colonialism, Non-Alignment, Pan-Africanism or any other maximalist idea.

Rights-based frameworks have been so influential that they are felt not just within the discipline of development studies but across government, economics, and in the way business connects with the world. The influence of such an approach is not just apparent in the MDGs, but comprehensively reflected in the proposed SDGs: through the emphasis on ending poverty and hunger; gender equality; fair access to environmental goods and services; and above all the idea that the right to self-actualisation requires minimum levels of healthcare, education, safety and participation.

The CONVERGE project has added further evidence that a rights-based approach to development is crucial. But that is perhaps only the start. In order to pull off the technical and political feat of converging societies and economies, a world where a better standard of living does not come at the expense of its long-term viability, we have to think in broader terms than just rights. Only a democracy-based approach that sees rights as not just a contract between authority and client, but instead as the whole system through which such contracts are negotiated, can hope to reconcile the potentially divergent (but not, crucially, irreconcilable) aims of development and sustainability.

The lesson from the MDGs that is most overlooked is that it was a political process, not an academic one. Mandatory reductions in inequality or guaranteed social floors, universally applied, ignore a key lesson from the MDGs: rich nations have to pay for them, and poor nations won't let them limit growth. The idea of basic guaranteed development, paid for by rich countries either by cash transfer or systemic change, without a perceived commensurate exchange from poor countries in terms of market access or democracy, is unlikely to receive the broad support the MDGs did.

The MDGs are a political project, and this shaped the process leading to their creation. This will be no less true for the SDGs. The context, the political environment, and economic conditions all defined the framework. It is also important not to under-estimate the 'small-p' politics of how international diplomacy works: time-limited conferences produce pressured, tired and hungry diplomats, deals are made in side meetings as well as on the conference floor, and everybody wants to be associated with success and avoid being associated with failure.

³⁶ Waage et al 2010: pp.4

Conclusion

In this paper I have attempted to provide an analysis of the wider political economy in which Sustainable Development Goals will be framed. It is striking that although the Zero Draft mentions the need to protect economies from macroeconomic shocks, little research seems to have been completed on the extent to which the major-economy crisis of 2007-09 may affect this process, or even on the surprisingly limited impact the crisis seems to have had on the MDGs. (As I began, perhaps the greatest untold story is how an *international* financial shock didn't turn into a *global* recession, despite the record of low and middle-income countries' vulnerability to such shocks – as in South-East Asia in the late 1990s and Latin America in the 1980s.)

This paper has refrained from suggesting that environmental and resource crisis is directly causative of economic crisis; although the correlation between consistently high oil prices, the deliberate long-term economic policy of cheap money, and personal and public debt is worth highlighting. The more relevant point, from a systems perspective, is that of uncertainty and risk in critical social, economic and environmental systems, and the failure to manage this. It is the lack of information and analysis on the feedback-effects in these systems, and their resilience, that poses possibly the greatest ongoing threat.