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The Post 2015 Development Agenda

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The history of economic development is littered with attempts to correct the "mistakes" of development policy. The preferred method was to add new elements to the agenda. This approach led an ever increasing scope of issues included in policy discussions, ranging from environmental concerns to focalization of social policies.

The results of this methodology are for everyone to see: of the original 8 Millenium Development Goals (MDG), only 2 have been met, with serious doubts regarding the possibility of meeting the other 6. In other words, the track record of the current development agenda is less than stellar [1]

So, maybe the issue is not necessarily to continue adding new elements to the framework, but simply to assess if some of the elements that are already present are working, and if it's not the case, whether they can be eliminated. The one element that stands out on that regard is Debt as a development policy tool.

Since the implementation of the Plan Marshall in Europe, policy circles have been burdened with the notion that injections of capital and fresh financial resources constitute one of the basic components of development. Based on this premise, the World Bank has tried throughout the last 69 years to help countries to borrow their way into development. As it's demonstrated on my book, the results of this approach on the living conditions of millions of people around the world have been dismaying [2]

Instead of providing developing countries with fresh resources, the debt system has forced those same countries to prioritize payments to their creditors over the provision of basic social services. According to World Bank data, just in 2010, developing countries paid USD 184 billion on debt service, roughly the equivalent of three times the resources required per year to secure the fulfillment of the MDGs. Even more troublesome between 1985 and 2010 net public debt flows to developing countries, that is the difference between debt disbursements and debt payments, have reached USD 530 billion [3] To place this number in context, the net resources transferred by developing countries to their creditors is the equivalent of five times the resources devoted to the Plan Marshall.

Throughout this time, Debt has been used by the IFIÂ´s and creditor countries alike to push countries to adopt policies that if anything prevent them from securing minimum living conditions for their populations. From the privatization and downsizing of public services, to trade opening that has seriously undermined food sovereignty, the policies enforced upon developing countries have seriously undermined the capacity of those countries of achieving development trough endogenous means.

Therefore, if something needs to be done, is to cancel the public debts of developing countries. Contrary to what skeptics point out, this debt represents a drop in the bucket: in 2010, it reached USD 1.6 trillion (total public external debt), or less than 5% of the resources devoted by the US Government to rescue the banks [4]. If such a massive amount of resources can be marshaled to secure the bonuses of banking executives, is it too much to ask to ask for a small share of those same resources to secure better living conditions for hundreds of millions of people around the world? Clearly this is a political question, rather than an economic one, but the fact remains that debt continues to be a major obstacle for development. As CADTM has advocated during the last 24 years, let's get rid of it.

Cadtm

[1] Millennium development goals – the key datasets you need to know", available at: http://www.theguardian.com/global-d...

[2] "The World Bank: A Critical Primer", available at:http://cadtm.org/The-World-Bank-A-c...

[3] See Damien Millet, Daniel Munevar, Eric Toussaint, "2012 World Debt Figures", available at: http://cadtm.org/2012-World-debt-figures

[4] Calculated on the basis of the costs analysis undertaken by the Levy Institute, which estimates the total cost at USD 29 trillion. See, Felkerson, J. (2011), "$29,000,000,000,000: A Detailed Look at the Fed's Bailout by Funding Facility and Recipient", Levy Institute Working Paper 698.

