

## A NEW CONSENSUS ON COMPREHENSIVE SOCIAL POLICIES FOR DEVELOPMENT IN A GLOBALIZING WORLD

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This new consensus on social policies emerged from the so-called Kellokoski experts' meeting, held in Finland, November 1-3, 2006.

In a meeting entitled "Social Policies for Development in a Globalizing World," a group of experts from agencies and think-tanks in both the Global North and South, gathered to follow up on the World Summits that took place in Copenhagen, 1995 and in New York, 2005. They discussed on the limited social progress and raising world inequalities occurred since the World Summit in Copenhagen. Finland hosted this informal meeting to review and move forward the declarations and agreements reached since 1995.

Participants aimed to fast-track the Copenhagen agenda of poverty eradication, employment and social integration/cohesion. The experts' meeting concluded with a new consensus on comprehensive social policies for development, presented at the February 2007 UN Commission for Social Development (CsocD)<sup>1</sup>.

As Isabel Ortiz, Senior Interregional Advisor, UN-Department for Economic and Social Affairs (UN DESA), showed during her presentation, the economic and social development agendas are dramatically different from the 80-90's.

In the 1980s-90s, the development agenda was focused on growth (as a first priority) through deregulation, free markets, supply side economics, minimalist governments and residual social policies. Social policies were perceived as a "cost", therefore to be implemented in a second stage of development, ignoring issues like inequality, marginalization and conflict. Today, rulers have to reconcile the economic and social domains, namely promoting growth and equity in parallel. There is now a consensus to promote robust social and economic policies in a complementary and mutually reinforcing manner. For this, more "policy space" is needed, i.e. the view of a minimalist State is no longer very topical, governments must also deal with equity and social issues. Comprehensive social and employment policies are an urgent priority for balanced and sustainable development.

Advocates of the "new" consensus will try to influence international agreements as they try to meet the Millennium Development Goals. It has enacted a "Society for All" policy that supports a "coherent use of social, employment and economic policy instruments to generate jobs, to regulate economies, to provide social protection, to boost growth

through the combined efforts of women and men of all ages enabled by equitable and empowering policies at the national, regional and global levels.”

For the first time, in Copenhagen, NGOs were integrated into the debates. With this initiative, the Finnish follow-up clearly intended to debate social policy.

Isabel Ortiz, from UN DESA, went over how the “standard policy advice” of the 1980-1990’s had caused poverty and increased inequality (adjustment programs, severe financial crisis), interrupted nation-building processes and increased political instability and conflict. She then compared it with an alternative and more comprehensive development agenda, drafted in the form of Policy Notes at the UN with top development specialists like Jomo K.S., Joseph Stiglitz or J.A. Ocampo, compiling the internationally agreed development goals and research evidence.

However the new consensus doesn’t reject, as a whole, free-trade or the financial economy, it just urges nations to coordinate economic and social issues.

The new agenda prioritizes employment-generating growth and equitable policies. National Development Strategies must be based on macroeconomic and sector policies that foster employment growth and social inclusion.

For instance, macroeconomic policies focused on reducing inflation do not generate employment, this is why many countries experience “jobless growth”; governments need some policy space and flexibility to allow for employment-sensitive macroeconomic policies, even at the cost of some moderate inflation. Equitable policies are justified not only from a humanitarian viewpoint; they are an economic and political need; poverty and inequality inhibit growth, depress domestic demand, hinder national economic development, cause political instability and ultimately, terrorism.

As another example, labor flexibilization (i.e., a reduction in labor standards and regulations) was seen, for years, as a panacea. Now the United Nations is defending the “decent work agenda”. In the 1980s-90s, culture was out of the development agenda (an “intangible”); now culture and values are seen as crucial to fight discrimination and promote social cohesion/integration. In the past decades, social services were commercialized for the rich (health, pensions) and public programs targeted only the poor and touched a small minority of the world’s population. Now, the new consensus urges for universal systems, particularly in low income countries. No longer is pension privatization advocated; instead, the UN stresses the importance of expanding pension coverage through social pensions. As an illustration, today, less than a quarter of world population has access to social protection. Without social pensions or health insurance, it is hardly possible for a household to break the intergenerational cycle of poverty and exclusion.

Given the urgency to achieve development goals and redress poverty and exclusion, at the 2005 World Summit in New York, governments called for more ambitious equitable National Development Strategies, backed by increased donor aid. UN DESA, in

coordination with other development agencies, is assisting governments to build equitable development strategies.

Mr. Jehoma presented an overview of the regional policies implemented in South Africa. Challenges are decent work, health care facilities within 5 kilometers, access to clean water, school, and pensions. Some politicians might claim the limitation of social transfers due to the extent of poverty. However South Africa investments in social pensions provide for the basic needs to the population, showing that social protection makes the economy run. The African Union (AU) has, in 2005, drafted a Social Policy Framework for Africa, a pioneering document to bring social policy in the agenda. The State provides a package of minimum services such as income support to the poor or the unemployed, easier access to credit, health-care, and social pensions. Mr. Jehoma showed that this package of basic services helped many households progress, but the second step of the development policy is to implement the African Social Policy Framework. This program should lead to the construction of social insurance into a reliable system.

From a historical point of view, the investment to build social services dates back to the Independence. Before, the State didn't support any social initiatives; they were left to the private sector or missionaries' responsibility. After independence, countries like Zimbabwe achieved to implement a welfare state or to organize a school system. From the 1990's this system neared collapse after the World Bank's intervention to privatize the economy. Nowadays NGO's have the power to influence the political balance and the decisions making, especially because the market solution is largely discredited. Civil Society needs skills, and needs to be more professionalized.

That is how ICSW<sup>2</sup> (International Council for Social Welfare) intervenes. It is running programs at regional levels "strengthening national councils and increasing civil society influence on government budgets."

The expert group in Kellokoski also called for a greater balance of financing between the development banks and UN-bodies. Actually the UN has no funds to pursue the new comprehensive social policy agenda. Increased allocations by bilateral donors to those agencies and centers supporting the new consensus is necessary. So far most of bilateral funding goes to the development banks.

Social development became a new World Bank program in 1995. One of its representatives, Mr. Anis Dani, states that now Bank development aid focuses more on social services. At the Arusha conference the Bank decided to take new approaches beyond traditional policy sectors (education, health and social protection). Mr. Dani pointed out new operational challenges and activities: the World Bank can provide access to financial assets. It can recognize the structural inequalities as social discrimination and it can praise the empowerment of the poor by using legislative instruments. The World Bank claims to provide the instruments to implement an institutional solution, notably through the "justice for the poor" program.

More particularly, those new Comprehensive Social Policies concern older people as well. Absence of any social pensions threatens older persons' lives. They rarely benefit from regulating decent work. Older people need a social and universal pension if they want to stop working. Health and poverty are obviously related: millions of people fall into poverty because they have no access to social security. For example, lots of people have to sell their assets to get health care. Older people are often the primary caregivers of their orphaned grandchildren due to HIV/AIDS. They are rarely included in emergency programs for development.

In 2002, the UN-DESA had already stated in the Madrid International Plan of Action on Ageing (MIPAA) that the number of poor older people must be halved by 2015; yet their number is rising in developing countries. In harmony with the Kellokoski declaration, a non-contributory pension, also called a social pension, would be an efficient way to help older people. This measure would satisfy the two development policy agendas: growth and human development. Moreover social pensions are affordable (ILO estimate between 1%-2% of GDP for a significant amount of low-income countries), easy to administer and maintain the intergenerational link. Only the political will is missing.

In another way social pensions illustrate well the new consensus: the "Livingstone Call for Action" convened African governments, donor governments, the ILO, UN agencies and AU commission gathered to familiarize themselves with cash transfer schemes. From then on, countries understood that social protection must be a main part of their development programs and budgets.

This Livingstone conference showed how a good cooperation with NGOs and international organizations about the new consensus can lead to results with global impact.

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<sup>1</sup> Finland hosted this roundtable at the United Nations Headquarters, New York. Other partners and discussants attended to this event: Ms. Ylva Sörman Nath, Sida (Swedish international development agency); Mr. Ruediger Krech, GTZ, Germany/EU presidency.

<sup>2</sup> ICSW was represented by Ms. Judith Kaulem.