

## **ECONOMIC AND POLITICAL ISSUES IN HUMAN DEVELOPMENT**

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### **Summary**

Development theory and praxis have, in the past, insisted on growth which—it was believed—was able to reduce inequalities as well as to meet the basic needs of communities. Yet several works, in particular, following the implementation of structural adjustment programs in the 1980s, have demonstrated that the populations in the countries concerned have experienced a significant degradation of their living conditions. The reflection then shifted towards the concept of Sustainable Human Development (SHD), which refocused the debate on development around the fulfillment of human needs. This article analyses the emergence and assertion of the SHD concept in both the economical and political debate. Such a reading allows us to highlight two major conclusions. The first one is related to the rapid development in the fulfillment of community needs since the end of the Second World War—a dynamic which results from the structured self-help and solidarity mechanisms in the nation-states. The second conclusion relates to the destruction of such mechanisms, namely under the effect of globalization, thus leading to a deterioration in human development. In order to initiate new sound development dynamics, there is a need to rethink such mechanisms of social inclusion at national, regional and global levels.

### **1. Introduction**

The debate on development has undergone significant changes since the mid 1990s. Rising poverty, eroded state legitimacy, and widespread conflict have led political

leaders, experts, and international institutions to question the relevance of the reforms and development strategies implemented in most underdeveloped countries. This questioning has affected the paradigm that has dominated the developmental discourse. From the early 1980s onwards, the Washington Consensus marked this theoretical field, which developed after the Second World War. The debt crisis that began in 1982 led the international community to define new development priorities and strategies. The Bretton Woods Institutions (the IMF and the World Bank) were tasked to develop a global strategy for the management of the debt of developing countries. These countries have to commit themselves to implementing a series of reforms within the framework of structural adjustment programs (SAPs) in exchange for the rescheduling of their public and private debt. SAPs had two basic components: the stabilization component which sought to reduce the internal and external imbalances which accumulated in the 1970s, and which led to the rapid growth of internal and external debt of these economies; and in addition, a structural component that was supposed to ensure a rollback of the state and a greater regulation of these economies by the market, as well as a reorientation of the growth dynamics of towards the international market. The objective of all these reforms was to reduce macroeconomic disequilibria affecting the economies of underdeveloped countries, to relaunch the processes of growth dynamics, and to improve the international insertion of these economies into the global economic movement.

However, less than two decades after the SAPs were implemented, the outcome is mixed, to say the least. Some economies have succeeded in reducing their internal and external disequilibria, but nonetheless, the growth dynamics remain relatively weak, and reforms have not been able to initiate new modes of growth that would make it possible to respond to the worn-out import-substitution strategies adopted in the 1970s. Moreover, the competitiveness of underdeveloped economies remains low, and their dependence on traditional exports stronger. The social achievement of the SAPs is even more marginal. The blocked growth dynamics brought about a decline in job creation. This slowdown, which is associated with a strong population growth, has led to soaring rate of unemployment, particularly among the urban youth. Thus, SAPs have resulted in greater social insecurity, and in increasing poverty and exclusion. International institutions and various donors have quickly taken these effects into account, and have tried to build social components into the SAPs in order to reduce the negative impact of the reforms, and to deal with the withdrawal of the state in the social domain. However, the various actions undertaken within the framework of what has been called the SDA (Social Dimension of Adjustment) have had little effect, and poverty has continued to increase and to be entrenched.

This economic and social crisis has had important political consequences with the contested legitimacy of modern states in underdeveloped countries. The move beyond the traditional forms of political organization and the construction of the modernist nation-state occurred on the basis of a commitment on the part of the new elites that came out of the struggle for independence to construct new, dynamic economies capable of meeting the social needs of the people. Thus, economic development and social advancement were at the heart of the postcolonial social compromises in underdeveloped countries, and provided the foundation for modern political entities. However, the growing poverty and exclusion was the source of a new challenge to the

legitimacy of the modern state. In addition, in many countries, the state rollback and economic liberalization have resulted in the emergence of political and-financial mafias that have tried to exert control over the economy and to benefit from the movement of privatization.

These outcomes led to a questioning of the theoretical foundations and development options of the Washington Consensus. At the theoretical level, recent studies have sought to temper the role of the market, acknowledging the plurality of forms of social regulation, and especially the role of institutions and social conventions, in the coherence of individual choices in a decentralized economy. Regarding strategies, the challenge to SAPs is accompanied by the emergence of new practices. Since the mid 1980s, UNICEF has promoted the concept of adjustment with a human face in order to emphasize the negative social consequences of structural adjustment programs. In addition, to respond to the ecological and social crisis across the world, the reflection about development practices has moved away from the imperatives of stabilization in order to include concerns about preserving nature and with emphasis on human beings. Thus, the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro in 1992, underscored the ecological dangers threatening humankind (the depletion of the ozone layer, the greenhouse effects, nuclear and chemical wastes, deforestation, uncontrolled urbanization, etc.), and demonstrated the need to define a sustainable development in order to deal with these catastrophes.

The genesis of the concept of sustainable development came out of the studies undertaken by the Brundtland Commission (named after the former Norwegian Prime Minister, Gro Harlem Brundtland), which was commissioned by the United Nations in 1983 to prepare a report on development. This report, entitled *Our Common Future*, and submitted in 1987, defined sustainable development as being “a development that responds to present needs without compromising the ability of future generations to respond to theirs.” The Rio Conference popularized the concept of sustainable development, and adopted an agenda for the twenty-first century in order to reduce ecological hazards.

In addition, at the end of the 1980s, the United Nations Development Programme (UNDP) initiated a study on development practices insisting on the need to refocus them on the human beings. This study resulted in the development of the Human Development Indicator, as well as in the preparation, as of 1990, of an annual Human Development Report.

For the UNDP, the fundamental objective of development is “to create an environment that offers populations the possibility of living longer in good health.” This goal has often been overshadowed by the competition for growth in order to ensure the best economic indicators. Within this framework, development is measured against such classical indicators as the growth of national income. Despite their usefulness, these indicators reveal neither the composition of economic growth nor its true beneficiaries.

A few years after it was developed, the Human Development Indicator has become unavoidable in the development debates and in the assessment of the contrasted country evolutions. The emergence of such concepts as sustainable development, and

sustainable human development, reflects the development crisis. In fact, these concepts have made it possible to draw attention to the ecological and social damages caused by stabilization programs. But in spite of their success and their high profile in the media, reflections on human development issues have failed to influence development practices and strategies, which remain concerned with stabilization.

Despite such theoretical developments and shifts in priorities, with a new focus on sustainable human development, it has to be admitted that today (at the beginning of the twenty-first century) poverty, exclusion, and the social crisis are ever growing and deepening. How can this paradox be explained? At a time when the consensus regarding human development is the broadest, never have poverty and exclusion been so alarming. In this article, it is assumed that underlying the deepening poverty and deteriorating sustainable human development is the destructuration of the mechanisms of solidarity and redistribution at the level of the nation-states, and the inability of the international community to forge a new, international solidarity in a context of globalization.

After the Second World War, the world experienced three forms of political and social organization. The welfare state in developed countries benefited from the strong growth in productivity that resulted from the Fordian mode of production in order to establish a new social compromise. These gains in productivity provided the means for enterprises to ensure regular increases in salaries, which led to rapid growth in mass consumption and to a rapid development of domestic markets. Moreover, major social transfers that fed the internal mechanisms of social solidarity corrected this initial income distribution. In the new Eastern Europe popular democracies, which were dominated by communist parties, the state also played a decisive role in the economic growth dynamics, as well as in provision of the basic needs of the population. Finally, the countries of the developing world, most of which were newly independent, formed strong, centralized modern governments. Confronted by the weakness of the local bourgeoisies, these governments undertook, through public enterprises, programs of investment and wealth creation. These governments also invested in the social domain by promoting people's access to basic needs such as health and education. Thus, despite the differences in the political and philosophical foundations of their social organizations, these governments played the major role in the social domain in the postwar period. They were an important factor for integration, with the establishment of mechanisms of solidarity through redistribution and social transfers. These different social policies guaranteed full employment in the various countries, and were at the origin of a rapid growth in sustainable development.

However, the crisis in the dynamics of growth in developed countries starting in the early 1970s, and in the developing world countries one decade later, had important consequences in the area of human development. In fact, the crisis exit strategies and policies sought to challenge the regulatory role of the state, and to give preeminence to the market. The disengagement of the state was reflected by a weakening of regulatory and social integration mechanisms, along with a rapid growth in unemployment and poverty worldwide.

Towards the end of the 1980s, the globalization movement whose economic and social organization cuts across nation-state borders strengthened this trend. The strategies of

opening up to globalization reinforced the challenge to traditional mechanisms of solidarity without being able to define and structure new forms of self-help and cooperation. This failure is the source of the protests and distrust that are developing throughout the world with regard to the globalization movement and its supportive institutions like the WTO (World Trade Organization), the IMF, and the World Bank. At the beginning of the twenty-first century, improvement in HD (Human Development) in the context of globalization, means improvement in social regulation, and the invention of new mechanisms of redistribution and solidarity at the international, regional, and national levels.

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### **Biographical Sketch**

**Dr. Hakim Hammouda** is Head of the Training Department and Acting Director, CODESRIA (Council for the Development of Social Science Research in Africa), Dakar, Senegal. He has a PHD in International Economics from Grenoble University in France and taught economics in the same university before joining CODESRIA. Dr. Hammouda published several papers and ten books in the field of international economics and development, all in French.