
Towards Sustainable World: Importance of SDG 17 as the Real Game Changer



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Global Doldrums

The world system is in doldrums today. The COVID 19 pandemic brought in a terribly disturbing scenario which, though reduced considerably, has still its repercussions on the global masses. The long-term implications of climate change are increasing exponentially. Keeping the temperature increase within 1.5⁰ C of the pre-industrial revolution situation by 2100 now seems difficult to maintain, even with announced commitments by most of the nations. During the same time, inequalities in terms of both income and wealth distribution have been increasing and moving towards the earlier worst situation observed during the beginning of the previous century. Thanks to the availability of data, it is being observed that inequalities in terms of gender, race, ethnicities and even environmental carbon emissions have also been increasing alarmingly. The concern is not only serious but also has to be taken care of within a very short period of time, as we are otherwise moving towards a situation of irreversible change which may even jeopardise our existence in the world as its wisest species. Exigencies led to the adoption of Paris Climate Agreement in December 2015 signed by 197 countries and also simultaneous

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engagement on achievement of 17 Sustainable Development Goals by 2030 to facilitate the process of inclusive development that is equitable, affordable and accessible to all, leaving no one behind.

This has brought us to a changed situation that is fundamentally different from the basic framework that was generally used to tackle the problem of development. Even though emerged as a separate discipline beyond the mainstream economic theoretical framework as development economics in 1940s and early 1950s, by 1960s, development thought processes got endowed with the issues in general growth economics. Growth and development came to be considered almost co-terminus as long as growth was considered as the source of development of a country through external efforts following the fundamental logic of “trickle down” and the complete belief in the doctrine of “convergence” keeping in tune with the belief in diminishing marginal productivity of factors and thinking within the periphery of diminishing returns to scale. During the last couple of decades several fundamental changes dawned in our minds. Firstly, growth is not a fully exogenous process. Development of a social system draws its ingredients from endogenous factors as well - capability of the human capital as explained by the enhancement of the individualistic educational and health features of the population, and the role of the internal institutions in governing the resources at different levels of aggregation - from community to global. The aggregation processes are to be matched with the

extent of use of resources. Some resources are used at the level of communities, for example, land or water, while some are to be used in the aggregate at the global level, say for example, vaccines against a pandemic. Some resources are to be used is aggregate at the level of a country or regional level. For example, one can think of bio-diversity resources, even though, global importance of bio-diversity conservation cannot be completely lost sight of.

The other significant change that has the importance of changing the developmental paradigm from just growth has been the realisation that during the last century or so we have gradually moved from a society that was an empty to a one that is full today. The empty world did not pay much attention to the conflict between economics and ecology. Scarcity, even though the buzz word of economic mainstream, was looked from a relative perspective through a negatively sloped budget line. To gain more of one resource, one has to give up some of the other. Civilisations captured new land and expanded human settlements. Colonisation gave a new direction to governance and management. Growth continued unabated and was considered the pathway of development.

We have now moved in a new world where scarcity is no longer relative, it is getting absolute. It has brought the conflict between economy and ecology to the fore. In the process, it has also brought to our notice the environmental pollution that we continuously committed over the last few centuries by adding materials that nature does never produce. We produce them, not for

consumption but as by-products of our production process and then dump them onto nature without being concerned that the natural capacity to absorb them is either very low or in some cases very difficult. This has led to absolute scarcity of air, water and soil which we cannot yet produce ourselves. There is also scarcity of mineral resources which can be produced synthetically, but not in any commercial quantity yet. So, we are arguing to follow a model of circular economy that will emphasise on re-use and recycling.

Rethinking from Growth to Development

The pathway to development now cannot be just a 'growth' only path any further. We have to move away from the arguments of quantitative growth model of GDP to a qualitative one that goes beyond considering increase in material resources for consumption, but stresses on enhancing the overall value of life. The most important requirement to achieve that pathway is to look beyond the competitive domain that looked into development at the individual level to a path that looks for development for all so that no one is left behind. This is the real call for sustainable development, which is completely inclusive, accessible and equal for all. The interest of the future generations is not compromised for enhancing that of the present.

The pathway will not be straight and simple. We have to get through a number of debates and discussions to identify the relevant pathways. No singular pathway can be thought of that will remain static. However, from

the experiences that we have gathered so far some noteworthy steps may be identified to begin the discussions and debates from a positive perspective.

The first issue to be almost easily settled is the consensus that growth in GDP should no longer be considered as a proxy measure for development. Even though long questioned, growth in GDP is still considered by most international organisations, looking at development performances, as the most important measure. The ideas of "Human Development Index" (HDI), developed in the 1980s and later conceptualised into several component, the latest one being on gender development index. Efforts have also been initiated to develop planetary pressure adjusted HDI as mentioned in UNDP Human Development Report 2020. The PHDI is the level of human development adjusted by carbon dioxide emissions per person (production-based) and material footprint per capita to account for the excessive human pressure on the planet. New sets of measuring parameters are to be immediately introduced that would clearly demarcate the difference between growth and development. This process was started in the early 1950s - during the early phase of the emergence on literature on development - but it had to be abandoned to bring development economics into the field of quantitative paradigm and other related methodological issues, like increasing returns to scale in production and the consequent irrelevance of a perfectly competitive marketing model (Krugman, 1995).

Secondly, development has gradually emerged as more of an endogenous

process that what was earlier believed to be linked to an exogenous process facilitated by the theories of resource gap and the subsequent argument in favour of foreign aid. Foreign development assistance is still considered necessary, but is not the only way out. South-South Cooperation (SSC) and the recent approaches with Triangular Cooperation (TrC) have become important and effective ways of cooperation through mostly, capacity building, trade support and technology sharing that add to the process of indigenous development process. The importance of these features gains further prominence on realisation that economic process in a society can no longer be considered independent of their impact on ecology and environment.

This brings us to the third dimension. The mainstream economic model was developed without much concerns being shown towards the ecological and environmental effects of economic processes. Any economic process found to be having ecological or / and environmental impact was considered “externality” and was sidelined on assumption that externalities do not exist, giving us an impression that even if they exist, their impact will be too small to be taken care of. Further, it was believed that some synthetic solutions will emerge from out of the technological advances we have been making over centuries and during the last one in particular. The limits to growth as a possibility, proposed by the Club of Rome in 1972 (fifty years ago), was dismissed as an empty and misleading work, and as garbage in, garbage out or a piece of irresponsible nonsense .The

short term impact of COVID-19 and the long term impact of climate change are very much available to question the reactions made to the observations made by the Club of Rome. We have got studies from IPCC that clearly state that climate change is emerging as an important factor towards limits to growth. The pandemic also throws a question about the expectation of an unhindered state of growth for unlimited period. One fundamental difference that is being visible today is the fact that we have gradually moved from an “empty” world to a “filled’ world, where the earlier emphasis on “relative” scarcity has to be relooked from the perspective of “absolute” scarcity. The world today is gradually emerging as a space filled with experiences of facing absolute scarcity, be it in terms of availability to minerals and even pure air and water. Unconstrained use of natural resources, in anticipation of technological solutions to take care of removal of absolute scarcity through creation of synthetic alternatives helped this pathway. Earlier period of history since the beginning of industrial revolution paved the way for moving from a relatively empty world, leading to felling of forests to agricultural growth and then urbanisation, phenomenal growth in human population and the corresponding decline in other forms of bio-diversity, resulting in imbalances in the existing gene-pool. In this process, we have reached a level of a “filled” world, where the available resources do not look to be enough to take care of the day to day requirement of the consumption of the existing stock of human beings.

The Inequality Phenomenon

These impediments are glaringly felt in terms of the state of inequality being observed today. Inequality, whatever way you are to measure it, has been increasing at a steady rate across the globe. The latest edition of the World Inequality Report 2022 leaves us absolutely clear about the reality that obtains around us today. It makes some observations that are very difficult to be not concerned with. It argues that “inequality is a political choice, not an inevitability” and opens up a debate for wide ranging discussions. This debate requires an effective participation of those engaged in finding a solution, undoubtedly - unless we are content with the ever-increasing inequality being observed every passing day across the globe.

The fundamental findings that are captured in the executive summary of the report may provide the main conundrum of the state of inequality as it prevails today across the globe. They are:

- contemporary income and wealth inequalities are very large;
- Middle East and North Africa (MENA) is the most unequal region in the world, Europe has the lowest inequality levels;
- average national incomes tell us little about inequality;
- inequality is a political choice, not an inevitability;
- contemporary global inequalities are close to early 20th century levels;
- nations have become richer, but governments have become poor;

- wealth inequalities have increased at the very top of the distribution;
- wealth inequalities within countries shrank for most of the 20th century, but the bottom 50 per cent share has always been very low;
- gender inequalities remain considerable at the global level, and progress within countries is too slow; and
- addressing large inequalities in carbon emissions is essential for tackling climate change.

Given these large expanses of the inequalities, that go beyond the standard economic measures alone, makes the report to argue in favour of “redistributing wealth to invest in the future”.

The issue with inequality was considered less relevant during the last fifty years, when it was generally felt that efficiency has a trade-off relationship with equality. Efficiency, as provided in a market driven capitalist system, cannot be optimised unless the economic growth costs are paid by the society to reduce the asymmetries and inequalities that arise from market competition. Subsequently, that idea was challenged in economic literature. In the last few decades, a new consensus seems to be emerging that inequality is in fact a barrier to development. Two arguments are given. First, it takes a longer term view, comparing over decades, than over years. Secondly, it includes social, cultural and political factors, beyond the traditional economic ones, which play a prominent role in the “new economics of inequality and redistribution” (Bowles, 2012). This phenomenon is clearly

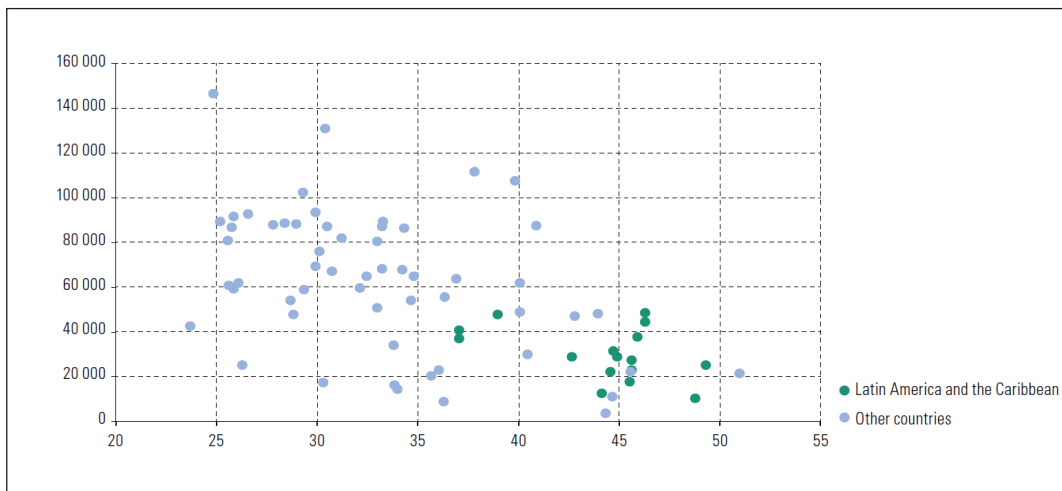
recorded in the latest “World Inequality Report” in which the implications of gender inequality and even that in terms of carbon emissions were highlighted.

The earlier logic of trade-off was pretty simple. It was argued that inequality would enhance the concentration of resources in the hands of fewer individuals, thereby raising their ability to save and thus investment. Such increments in savings and investments will add to the growth in productivity and hence to the efficiency of the economic system. On the other hand, correcting for equality would undermine growth by reducing the incentives for individual effort. However, both empirical and conceptual arguments that came up during the last couple of decades have shown that such arguments do not hold much ground. They recognise the favourable effects of equality on effective demand and emphasise its positive

impact on the supply side. CEPAL (2018) argues: “Equality can improve the efficiency of an economic system, defined in dynamic terms as the pace at which innovations can be made, those generated in other parts of the world can be absorbed, technology gaps can be reduced, innovations can permeate the production fabric and, as a result, productivity can be increased and new areas for investment can be established” (ibid, p 20).

The latest report on global inequality is a testimony to suggest that during the last few decades of the present century, the negative relationship between inequality and productive efficiency has been quite clearly visible. Data used in Figure 1 shows the negative relationship that exists between inequality and productivity in a broad spectrum of countries in 2014. That relationship

Figure 1: Productivity & Gini Index 2014



Source: CEPAL (2018), p21.

Note: Gini Coefficient is expressed in percentage terms and productivity is measured in output per employee in 2011 PPP dollars.

does not involve just one direction of causality between the two variables; on the contrary, causality comes from both inequality and productivity and their complex interaction.

Echoing the same perspective, Blanchard and Rodrik (2021) argued that the implicit assumption in many of the presentations in a seminar on inequality held in October, 2019, was that inequality is restraining economic growth by reducing economic opportunities for the lower and middle classes and fostering (or reflecting) monopolistic rents for the very wealthy. They also looked for ways to reduce inequality as one of the key concerns facing the society now.

CEPAL (2018) elucidates the point further as it notes: "Equality is a necessary condition for maximising the dynamic efficiency of the economy in that it creates a framework of institutions, policies and efforts that place the highest priority on innovation and capacity-building This examination of the role of equality from the supply side helps showcase its positive impact on effective demand". The note further and rightly argues that "income distribution is more likely to drive the expansion of demand in a country with a more diversified and competitive production structure. By encouraging the spread of technologies and increased productivity, equality contributes to that diversification. Thus, the traditional Keynesian view of distribution and effective demand is complemented by the Schumpeterian approach to equality, innovation and skills." (ibid, p 21).

The Way Forward

It is obvious that inequality is an important issue to be tackled immediately. Even though reduction in inequality has been identified as an important goal under SDGs - SDG 10 - the fact is clear that none of the SDGs can be lost sight of as we are on way to achieve SDG10. Poverty (SDG1) and hunger (SDG2) cannot be tackled without reduction of inequality. Similarly, health and education cannot be effectively taken care of in situations of rising inequality. The same arguments apply in respect of the achievements in terms of other SDGs as well. In fact, it is now implied that none of the SDGs are achievable without taking care of the other 16 SDGs. They are all interlinked and influence one another. However, a couple of points are to be taken very critically.

Firstly, the SDGs have been rightly divided into four distinct groups. They are linked to biosphere, society, economy and partnership. While the biosphere component takes care of issues related to climate change, protection of biodiversity on land and under water and the linked perspective of supply of clean water and sanitation, the economic perspective takes care of employment and growth, industrial and infrastructural development with innovation, reduction in inequality, linking them with the need for looking for a responsible production and consumption system. The rest of the concerns are merged into social terms. However, if we are to look into these groups, one point is quite clear that the interactions among these groups will

settle the path for meeting all the SDGs simultaneously and therein comes the vital role for SDG 17.

So far, we talked in terms of a competitive framework to facilitate efficient utilisation of resources and add to unconstrained growth of the global system. We were so convinced with such a system that we even went for global transactions to be catered to by multi-national firms, going beyond the earlier phase of international trade being controlled by sovereign countries even a couple of decades earlier. Under the mandate of globalisation, we started moving from international exchange on the basis of comparative advantage of nations to competitive advantage of firms decided by their development of multi-country supply chain. The innovations fostered by information technology and artificial intelligence is pushing us towards a global system where economic and even social components of human life are being controlled by a few number of individuals who are emerging as the gainers of the system at the expense of the rest of the society - the 1 per cent conundrum that has become quite a concern for the last few decades. So, solutions to reduce inequality have been suggested in terms of imposing wealth tax on the 1 per cent and redistribute the raised resources to those lying at the bottom of the income and wealth distribution framework.

However, the environmental and ecological constraints that were not considered relevant in the model of competitive economics, which ruled the economic policy paradigm for more than a century, have created situation

of a difficult pathway to be followed. A competitive framework is now appearing difficult, in fact almost impossible, to be followed. The reason is quite simple. Ecological and environmental constraints cannot be taken care of at a level of individual decision-making process. These constraints are to be taken care of at collective levels - community, sub-national, national, regional or even in cases at global levels. Also consider the social and cultural constraints. We cannot have a resilient and sustainable world with social and cultural achievements being highly unequal among different groups. These concerns are to be taken care of through collective decisions.

Such collective decision-making processes are to be created. SDG 17 has been identified for such actions. Development cooperation has to be built into all the SDGs with the operational guidelines at local, sub-national, national, regional and global levels and necessary interlinkages. That is the real challenge to all of us and we have to come out with winning solutions. Else, we may start counting the last days of the wisest species on the earth.

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POST-COVID ERA DEVELOPMENT COOPERATION WITH AFRICA

Japanese Foreign Minister Yoshimasa Hayashi has assured to boost post-COVID era development cooperation with nations in Africa during the two-day virtual meeting with his African counterparts, which sets the stage for the eighth Tokyo International Conference on African Development (TICAD) slated for August.

Representatives from approximately 50 African countries emphasised the significance of transparent and fair development funding amid concerns around “debt trap” for the recipient countries resulting from investment that are saddled with massive loans they cannot repay. The COVID-19 epidemic has had a profound impact on the African economy and society, necessitating assistance from the global world. The disruption of energy and food supplies caused by Russia’s invasion of Ukraine puts an additional pressure on African nations, and hence deeper collaboration would be essential, Hayashi said during the meeting. Hayashi added, Japan “will continue to support development in Africa and their realization of the U.N. sustainable development goals”.

Hayashi further mentioned that Japan would collaborate with international organisations to establish an environment where developing nations, notably those in Africa, do not have to rely on “debt-inducing” financing. The developing economies that are in the greatest need of financial support cannot be allowed to become entrenched in such finance methods.

Source: Nikkei Asia. (2022, March 27). Japan vows to boost post-COVID development cooperation with Africa. Retrieved from <https://asia.nikkei.com/Politics/International-relations/Japan-vows-to-boost-post-COVID-development-cooperation-with-Africa>.