Vision 2020: A Sustainable Livelihoods Perspective

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Every point of view must be a point of view. Anthony Giddens

The point of this essay is that of the rural communities of the so-called developing world, communities that have been excluded from the development process, and indeed affected adversely by many of the entailments of this process. This is not necessarily the ideal vantage point to talk about creating, modifying or sustaining the edifice of global finance, but it is nevertheless a perspective that cannot be accommodated directly into the discussions that start with the global concerns. However, the problematique, so to speak, is not necessarily different from mainstream expositions, namely that the existing structure does not serve societal goals: it is unstable, expensive, environmentally and socially irresponsible, and unable to channel resources or spread risk in an acceptable

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More importantly, this approach places much greater emphasis on practice that on

r g practice, this has meant the steady outflow of resources—natural, human, financial, technological, and entrepreneurial—from the rural and disadvantaged areas to urban areas and metropolises. In contrast to this approach, the innovative programs of poverty eradication

It is the most unequal country in the world and the only one that is becoming more and more unequal over time. The UN Secretary General's Millennium Report shows that in 2000, the richest global quintile received over 80 times the income received by the poorest quintile—far in excess of the corresponding ratio in any country of the world—a massive increase over the 30-fold level in 1950, and even the 60-fold level in 1989. In the average country, in contrast, the level of inequality has remained more or less constant over decades of economic growth and structural transformation. In other words, the world lacks the shared sense of a political or moral community that has historically placed restraints upon the process of economic concentration.

It is an apartheid country. As in apartheid-era South Africa, the "natives" are confined to reservations, and allowed into elite areas for special tasks and with special permits that they are enjoined to carry at all times—although these do not protect them from arbitrary harassment by an arrogant and insular bureaucracy. The philosopher Zygmunt Baumann describes this trend in terms of the emergence of two social groups at the global level, the tourists and the vagabonds, the former being culturally heterogeneous, geographically mobile, and economically prosperous, and the latter culturally threatened, economically deprived, and involuntarily mobile. The same trends that have made it easier for the first group to acquire a global identity and treat the entire world as their home have made it difficult for the second group to protect their identity and to exercise an choice at all regarding geographical mobility. Even when they stay put, they can have the earth pulled out literally from beneath their feet—because of dams, roads, deforestation, civil war, and myriad other sources of human-made insecurity.

It manifests what Robert Kaplan has termed the coming anarchy. Like Kenya or Cote d'Ivoire or many others, the writ of the government extends only to well-lit metropolitan areas (mainly but not exclusively in the North), while governance over large tracts of the hinterlands is relegated to marauding warlords, often protected by the combined coercive power of metropolitan governments and protecting in return the access of metropolitan business interests to natural resources in the hinterland. This pattern of governance is redolent of the corruption and degradation illustrated for example in the literary tracts of the Gilded Age in the United States (c. 1875-1914). Partici252 37318017.379019 Tm(degrada5 the No51s93883es (c. 1875-19bsc2e418.a8loc 302.01 (t)Tm(6

For ease of exposition, instead of the South, we refer to this region as Rural–although we recognize that this is a somewhat idiosyncratic use of the term, given that it covers many areas that would be considered as towns or cities.

The problematique of globalization—i.e. global development—is therefore analogous to the problematique of national development programs in the previous half-century. It is on to structure the institutional environment in such a way that on the one hand economic prosperity is sustained and protected and on the other hand it is ensured that the benefits of prosperity are shared equitably and do not endanger the basis of life and livelihoods.

The Livelihoods question

This background is used to make the point simply that I wish to concern myself with the question of global finance only to the extent that it affects the prospects of (sustainable) development; within development, with the conditions in sub-metropolitan areas; and within these areas with practices rather than structures.

With this background, we can turn to the question of the nature of financial arrangements that can service poor communities and regions. Rural sustainable development requires "public" investment (i.e., the building of capacity, social capital, and human resources) as well as commercially viable "private" investment. By public investment, we mean here the creation of local and global public goods that are necessary for supporting the process of economic growth; while private investment refers to that which is sustainable financially (even if it is undertaken by the state). However, except where there are natural resources to be extracted, the attraction of these areas for either type of investment is very limited. Even in natural resource-rich areas, the conditions for "public" investment are not favorable.

This is in part a dynamic problem—given that the income levels are low, there is little deman 0 t

Finally, it is also a problem inherent in the financial structure, which inevitably discriminates between the two regions because of differences in assets prices. The cost structure of credit is such that it is almost impossible for it to reach rural communities. The classic counter-example, Grameen Bank, has to its credit mainly the lowering of costs to such an extent that a bank can offer loans of Tk 1,000 (about $1) and still remain profitable—albeit with the occasional subsidy to overcome force majeur. Similarly, given this cost structure, rural savings will necessarily gravitate towards metropolitan areas. More importantly, while rural communities do not benefit greatly from the financial structure that is in place today, they are affected adversely by the instability of global finance.

In other words, we can parse the problem into the four components. Those deriving from the behavior of business enterprises; those pertaining to the behavior of "public" institutions (including governments as well as NGOs and even business agencies); those pertaining to the behavior of assets markets institutions, including banks and financial institutions; and those pertaining to the behavior of policy makers (i.e. regarding the operation of fiscal and monetary policies).

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