

Maximization of Market Freedom Failed to Save Common People.

Around 780 million people of the mother-earth are living in the poorest countries of the world. These countries are officially described as the Least Developed Countries (LDCs). They are continuously struggling against hunger, poverty and disparity. Though they represent 11% of the world population, which are living in 49 LDCs, they have the stake of less than 5% of the global resources.

Over the years, the poor countries of the world have been facing series of discriminatory treatments by the most advanced parts of the world resulting marginalization in the global economy. The world powers, through their different wings like International Financial Institutions (IFIs), have imposed destructive policies based on neo-liberal doctrine. The so-called ideology claims that 'people are best served by maximum market freedom and minimum intervention by the state'.

Adoption of the neo-liberal agenda, whether be it partial or full, has virtually widened the resource endowment gaps between the 'haves' and 'have not' in the nation states. As a result majority of the people of the LDCs are still severely trapped in poverty and hunger. It is interesting to note that in 1971, the United Nations (UN) identified 24 countries as LDCs, recognizing them as the most vulnerable of the international community. During last three decades, the number of LDCs has increased to 49.

The vulnerability of the LDCs was re-exposed severally during the last one and half year when food and fuel crises became the 'two most dangers' for the world poor. Food riots have happened in 8 LDCs between 2007 and the first half of 2008. The eight countries are Burkina Faso, Guinea, Haiti, Mauritania, Mozambique, Senegal, Somalia and Yemen. The Food and Agriculture Organisation (FAO) has identified 34 'countries in crisis requiring external assistance' to absorb food shock. Among the 34 countries, 19 are LDCs.

The list includes even the country like Bangladesh, which is considered as advanced among the LDCs in respect to different development indicators. And it is the country which adopts corporate-driven and market-oriented development strategies sidelining the state-based institutions and programmes. Gradual withdrawal of public support from agriculture and promotion of private players without proper regulation have distorted the food security of the poor people in Bangladesh.

Economic expansion in the LDCs since 2000 has been stronger than in the 1990s. In 2005 and 2006, there was further growth acceleration and the LDCs together achieved the strongest growth performance compared to the last 30 years. But this rapid economic growth has failed to accelerate the rate of poverty reduction and progress towards achieving the Millennium Development Goals (MDGs). The LDCs as a group are unlikely to achieve the goal of reducing the incidence of abject poverty by half between 1990 and 2015. Most of these countries are also off track to achieve most of the other MDGs. There is no evidence of a significant

change in trends in social development since 2000, after the adoption of the Millennium Declaration and more socially-oriented policy reforms. The United Nations Conference on Trade and Development (UNCTAD) has categorically said that due to wrong types of growth and development models that only allowed limited segments of the population to be benefitted, LDCs have failed to translate the growth into poverty reduction efforts and has only marginally improved the well-being of LDC.

The LDCs saw their values of exports climb by a collective 80% between 2004 and 2006 and recorded their highest rates of economic growth in 30 years, even surpassing the 7% target set by their governments and their development partners. But the LDCs have very negligible share in the global trade, which is widely campaigned by the proponents of the neo-liberalism. The LDCs share to the global trade is around 1%. The share of LDCs in world exports fell from 3% in the 1950s to 0.7% in the 2000s while their share in agricultural exports dropped from 3.3% in the 1970s to 1.5% in the 1990s. The LDCs attracted less than 2% of global foreign direct investment, most of it in the sectors of oil and gas exploration and mining.

In fact, the multilateral trade regime, spearheaded by the World Trade Organization (WTO) has failed to provide 100% duty-free and quota-free market access for the LDCs. The so-called Doha Round of UN FfD has remained inconclusive due to tussle between developed and advanced developing countries. Although the interests of the LDCs are recognized to some extent, there is little move to turn the words into action by both developed as well as advanced developing countries.

LDCs' reliance on foreign aid has also come under close scrutiny, as official development

assistance (ODA) is not very encouraging in many of the countries. In 2006, the average share of ODA disbursements as a share of GDP was about 8% in LDCs; with island LDCs registering the highest aid dependence of 17%, followed by African LDCs (9.3%). The lowest aid dependence was shown by Asian LDCs (i.e., 4.8% only), and if Afghanistan is taken out, the Asian LDCs rate was only 2.7%. Thus, the developed world has grossly failed to realise their commitment of allocating 0.15% of their GNI for the development of the LDCs. Moreover, many of them are tagging different conditions against the spirit of the commitment. In this context, recommendation by the UN body is that LDCs should have greater control and flexibility over how foreign aid they receive is used so that it has the greatest positive impact.

The threat of climate change appears as another wide-ranged risk for the sustainable development of the LDCs. The recent report of United Nation Development Programme (UNDP) argues that the world is drifting towards a "tipping point" that could lock the world's poorest countries and their poorest citizens in a downward spiral, leaving hundreds of millions facing malnutrition, water scarcity, ecological threats, and a loss of livelihoods. To assist the LDCs in reducing climate related vulnerabilities, the Least Developed Countries Fund (LDCF), controlled by the Global Environment Facility (GEF) has been set up by UNFCCC. It is to help these countries adapt to global warming, but its results are yet to be seen.

When the national multi-stakeholder consultation is going to take place in Dhaka to review the implementation of the Brussels Programme of Action (BPoA) for the LDCs, the above-mentioned issues need to be discussed in a serious manner. It is important to urge the policymakers of the LDCs to critically review the policies that they are following now. As global economy is struggling with a stage of turmoil, which is mainly originated from the 'failure of market', the economic powers of the world are now said to be resorting 'intervention of the state' to overcome this situation. The neo-liberal policies have gone through severe criticism and challenge. Against this backdrop, the LDCs need to shift their policy biases and restore the constructive roles of the states. To make this policy shift effective, mutual co-operation among the LDCs is very important.

Written by

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¹ In 2007, the United Nations graduated Cape Verde from the category of LDCs. This is only the second time it has happened to a country. The first country to graduate from LDC status was Botswana in 1994.

² Crop Prospect and Food Situation, July3, 2008; FAO.

³ Afghanistan, Bangladesh, Burundi, Central African Republic, Chad, Democratic Republic of Congo, Eritrea, Ethiopia, Guinea Bissau, Lesotho, Liberia, Mauritania, Myanmar, Nepal, Sierra Leone, Somalia, Sudan, Uganda.

⁴ UNCTAD LDCs Report 2008

⁵ UNCTAD LDCs Report 2008

⁶ Globalisation Benefits MIA-International Political Economy Zone; July 2007

⁷ Brazil, China, India, South Africa.

⁸ UNCTAD LDCs Report 2008

⁹ United Nations Development Programme's Human Development Report: 2007/08

It is LDCs' Time to Revisit Policies



LDCWatch,
www.ldcwatch.com.

South Asia Alliance
for Poverty
Eradication(SAAPE),
www.saape.org.np.

Equity and Justice
Working Group,
Bangladesh (equitybd).
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