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New Economic Approaches for a Coherent Post-2015 Agenda

An Alternative Investment Strategy for Developing Countries in the Post-2015 Era

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Introduction

We live in an interconnected world that faces many common problems such as persistent inequalities and systemic crises, a world that at the same time is trying to redefine and achieve common goals. These goals have often been described by the phrase "inclusive and sustainable development."

We are now at that juncture where the Millennium Development Goals, which has provided the most accepted framework of such internationally agreed goals since 2000, are nearing their 15-year deadline. This is forcing all governments, civil society, the private sector, indeed, all stakeholders throughout the world to revisit and redefine these goals beyond 2015.

The world faces immense challenges that, in the words of UNCTAD, "can no longer be tackled by individual countries or communities acting alone." As this public symposium points out, in the context of inclusive and sustainable development worldwide, there is a big need to address specific trade, technology and investment policy issues at the international, regional and country levels.

Quite obviously, the reason for this need is that—explicitly or implicitly—many policy-making bodies and individuals (and non-government policy advocates as well) now accept the serious limitations if not outright failure of the neoliberal agenda, which include neoliberal premises and policies that have long dominated the realm of trade and investment.

The disappointing performance of neoliberalism in the past two decades is richly documented by a vast literature showing the strong linkage between neoliberal policy prescriptions (including those in trade and investment) and the recurring economic and financial crises of recent decades. Many recent studies by UN agencies show clearly how these crises have caused or aggravated a wide array of shortfalls in the MDG targets for 2015, especially in the developing countries.

The post-2015 process

So now many governments, CSOs, other stakeholders, and the UN itself, have embarked on a global effort to define sustainable development goals for the post-2015 or post-MDG period. This public symposium organized by UNCTAD is thus a timely opportunity to draw lessons from the failures of the past, and also to consider alternative trade and investment strategies and regimes that are more compatible with sustainable and inclusive development in the post-2015 era.

We at IBON International are part of this process. Together with a big number of CSOs—mostly from the Global South but also with significant Northern partners—we are engaged in an over-arching and long-term discourse towards defining and pursuing post-2015 sustainable development goals that truly emanate from the grassroots and that will truly benefit the billions of poor and marginalized peoples in the world today. These goals may be global in general applicability but they must take concrete life in every country, with each one taking into account its specific economic, political, social and environmental situation.

The basic issue here is the challenge for countries—their governments and peoples, and their CSOs as well—to take hold of their own development destiny. National governments must assert their country's sovereignty and stake out their sovereign policy space, even as UN processes provide good channels for governments to achieve consensus at the global level.

At the same time, CSOs must assert at various levels their role as independent development actors in their own right. Among the many initiatives that are now providing channels for CSOs to play this role in the post-2015 process is the Campaign for People's Goals for Sustainable Development, or CPGSD. The CPGSD has come up with an indicative list of Ten People's Goals as a starting point for a grassroots campaign on the post-2015 process. (CPG 2013)

Reorienting trade and investment

At another level, and parallel to the post-2015 process, IBON International is also engaged in a continuing discourse—one that is in fact much protracted than that on the 2015: that of pushing for reforms in trade and investment systems and rules such that they are consistent with the principles and goals of inclusive and sustainable development.

Although many of trade and investment issues are also global in scale, again the big challenge is for each country to refashion its own trade and investment policies and programs—actually a major arena in asserting its sovereignty—to support its own development path. Trade and investment reforms must start with general policy issues, and national governments should push for a bigger policy space in this arena, but must not end there.

Rather, in the context of upholding their sovereignty in this sphere, national governments must have a clear agenda and strategy in choosing their policy options; effectively wield those options by crafting the right kind of legislation; and mobilize their country's resources to fuel the advance and success of their own development goals.

(More specific sets of policy recommendations relevant to trade and investment are offered by the Campaign for People's Goals. Key points are summarized in the appendix, while a more detailed toolkit may be downloaded from the http://peoplesgoals.org website.)

In pushing for trade and investment reforms, we would like to throw a sharp focus on the character of investments in developing countries (while not forgetting that trade is tightly intertwined with investments). Consistent with the principles and goals of sustainable and inclusive development, developing countries must adopt a progressive investment strategy that has three key features:

First, this strategy must achieve a type of industrialization that is self-reliant, generally self-sufficient, with increasing domestic linkages both downstream and upstream (including with agriculture and necessary social services), and comprehensive enough to satisfy its people's increasing consumption and production needs.

UNCTAD has itself emphasized that of "two elements common to practically all successful development strategies… [the first is] *establishing a broad and robust domestic industrial base*." One key factor in building a strong domestic industrial base is "government intervention in businesses in selected sectors in support of structural change." The second element listed by UNCTAD, "an active management of integration into the global economy," must be linked pragmatically to industrialization by means of channeling capital inflows and export profits to domestic capital accumulation. (UNCTAD TDR 2012a, 43-44) It has also been argued by a broad range of economic thinkers (outside the neoliberal mold) that a sustainable development strategy would be one that relies on domestic demand for wage goods coupled with creating new domestic industrial capacity to absorb surplus labor. (UNCTAD TDR 2010, 95)

Second, this strategy must rely mainly on domestic resource mobilization rather than on massive foreign investments, financing, and importation. It must pay special attention to creating national revenue from effective and innovative trade and investment mechanisms. We shall explain further below the reason for this policy choice.

Third, this strategy it must promote the country's goal of protecting its commons or national patrimony, especially its environment and strategic resources, to ensure that they provide long-term, sustainable, and all-rounded benefit to the national economy and the future generations.

Why the preference for DRM, particularly revenue generation?

The first reason is that developing countries that have over-relied on foreign direct investments for decades have experienced a distorted type of export-oriented industrialization (concentrated in a few industrial enclaves that detached from or even parasitically sucking resources from the domestic economy), stunting of local industries, or even de-industrialization.

UNCTAD itself has repeatedly expressed this concern and has recommended "a rethinking of the paradigm of export-led development based on keeping labor costs low." It acknowledged that "a sustainable growth strategy requires a greater reliance on domestic demand than has been the case in many countries over the past 30 years." (UNCTAD TDR 2012a, 49)

The second reason is that developing countries suffer in the extreme and often-diametrical conflict between reliance on DRM, on one hand, and reliance on foreign financing (including FDI and ODA), on the other hand.

Based on the painful experience of developing countries, obsession with and over-reliance on FDIs lead to many negative impacts that undermine DRM. The biggest impact is huge loss of government revenue—due to excessive tax incentives, liberal policies on profit remittance and capital repatriation, and financial speculation abuses. (Pan African Parliament 2013, 3-4) There are other drawbacks and disadvantages in a domestic economy greatly dependent on foreign capital. At the same time, ODA has gradually declined in past years and is no longer expected to fuel the main engines of industrial growth in developing countries.

The third reason—a more positive and forward-looking one—is that DRM especially in the form of taxation has a huge potential in raising the needed funds for public investments. As the Pan African Parliament aptly said (2013, 5):

> As ODA declines and FDI becomes increasingly volatile and concentrated, taxation will become even more important for the provision of services and public investments generally. If all African countries raised just 15 per cent of GDP in revenue, the continent's governments would have an additional US$200 billion at their disposal annually. The potential of taxation as part of the post-2015 settlement is therefore evident. The key challenge is to take steps to increase the tax to GDP ratio.

Indeed, many policy-makers are now making a direct connection between taxation and the massive funding requirements for achieving the post-2015 goals. A recent study has this to say:

> As the debate about what replaces the Millennium Development Goals (MDGs) heats up, it is time to think about who pays for what. Our preliminary analysis shows taxation is featuring prominently in post-2015 proposals. Estimates of gaps in financing to meet internationally agreed commitments such as the MDGs have grown over time. Funding gaps are too large to be met by external resources – such as foreign aid – alone. So how about other sources of financing? The most important of these is domestic revenue. Indeed domestic resource mobilization, or DRM, was recognized as a top priority by the Monterrey Consensus on Financing for Development which accompanied the MDGs. (Bhushan 2013)

At the same time, taxation must also be wielded effectively as a policy tool for a clearcut development strategy. Thus, in considering alternative trade and investment rules for promoting sustainable and inclusive development, we must think out of the box and go beyond the standard premises of globalization. Rather, we urge national governments to explore and adopt taxation schemes that serve not only as revenue generators to raise funds for public investments, but also as policy tools or regulatory instruments to promote sustainable development and national sovereignty.

Effective taxation of extractive industries

One example of an innovative revenue-generating scheme is for developing-country governments to effectively tax extractive industries such as mining, logging, and fisheries, among others. In many developing countries, such natural resources are still fairly cheap and abundant. Thus, companies (mostly private, both foreign or local) exploit these resources for profit—usually by exporting them rather than to feed local consumption and fuel local industrialization.

Hence, to the extent that a developing-country government is yet unable or reluctant to nationalize and reorient such export-oriented extractive industries, it should be able, without difficulty, to adopt revenue schemes to extract just and proportionate taxes on the corporations that benefit from such industries.

By "just and proportionate taxes," we mean that the tax should be equivalent to value of the patrimony that is lost from specific mining, logging, or other extractive operations. Governments should develop their capacity to understand the specific value chains of extractive operations and effectively manage them.

> … effective taxation of extractive industries' profits may often be the only way to ensure that huge gains from an increase in international commodity prices are channeled into domestic demand and into greater investment in diversification of production and job creation. (UNCTAD TDR 2010, 155)
>
> There appears to be considerable scope in many countries for collecting a larger amount of royalties and taxes, especially from companies active in the oil, gas and mining sectors. This is particularly important because the revenue potential from natural resources has grown significantly over the past decade owing to higher

> commodity prices and the discovery of new sources of energy, especially in Africa. (UNCTAD TDR 2012, 132)

Developing countries can draw lessons from the experience of Latin America and the Caribbean, for example, where governments adopted policy sets that enabled them to increase their shares of the revenue obtained natural resources extraction:

> In those countries that rely on the exploitation of non-renewable natural resources, the State's share of the economic revenues and relative fiscal contribution of the export sectors of these resources (minerals and hydrocarbons) expanded during the last boom period, between 2003 and 2010, in contrast with the performance of the preceding period between 1990 and 2003 [...] In all of these countries, levies on non-renewable natural resources accounted for over 30% of total fiscal revenue. (UN ECLAC 2013, 6)
>
> In the mining sector, where the role of State ownership in obtaining revenue has been more limited, but not altogether absent, royalties or other taxes have been instrumental in earning a minimum payment, for both national and subnational governments, in exchange for the countries' resources. Moreover, in most cases, public or private companies that exploit these resources have been charged the traditional income tax at differential rates, together with special levies, often applied at progressive rates. (UN ECLAC 2013, 7)

In the same spirit, governments should review and revise current policies that fiscally favor FDIs or TNCs in extractive industries, or allow them to exploit loopholes for purposes of illicit finance outflows and tax evasion, at the great expense of revenue generation. As experienced by Africa, for example:

> … In 2008, half of Zambia's copper exports were channeled to Switzerland. If Zambia were to glean the export price that Switzerland exported this copper, it could have doubled its GDP. The macro level evidence on illicit financial outflows suggests that Africa loses more to tax avoidance and evasion than it receives in aid. As the complexity of African economies increases and the continent becomes more integrated into the global economy, the importance of capturing the true value of FDI becomes even more crucial. (Pan African Parliament 2013, 9)

Up to now, Latin America and the Caribbean still experience similar impacts of fiscal policies adopted in the 1980s and 1990s, which favored FDI:

> The distribution of the rents, especially in mining, tends to be biased in favour of transnational corporations (TNCs). This is because many governments offered very favourable fiscal regimes in order to attract FDI in mining, particularly during the period of privatization of the sector in the 1980s and 1990s. (UNCTAD TDR 2010, 156)

The UNCTAD Trade Development Report (2010, 161, footnotes 7-9), citing numerous examples, has in fact noted a rising trend among national and local governments in Africa, Latin America and elsewhere to impose or increase taxes, royalty rates, shareholding conditions, and community benefits on private firms involved in resource extraction, particularly in mining:

- The ***Democratic Republic of the Congo*** revised its mining licenses and renegotiated contracts that did not meet required standards.
- In ***Zambia***, in 2008 the government raised the effective royalty rate paid by TNCs from 0.6 per cent to 3 per cent of the value of production, and the income tax from 25 per cent to 30 per cent (Ley, 2010; and Lungu, 2009). It also introduced a windfall tax and a variable profit tax, and reduced the capitalization allowance from 100 per cent to 25 per cent. At the same time, it also announced intentions to increase its shareholdings in foreign-owned mining companies to 35 per cent, and drafted a revised mineral empowerment policy to encourage greater participation by Zambians in the mining industry (Ernst & Young, 2009).
- In the ***United Republic of Tanzania***, in April 2010 royalties payable on minerals were raised from 3 per cent to 4 per cent, and in new projects the Government will become a shareholder.
- In ***Ghana***, the government passed new mining laws that double royalties on mining to 6 per cent, although most companies reported that they were protected by stability agreements and did not expect to pay the new royalty rate.
- In ***Madagascar***, the new government moved to suspend all mining contracts and in 2009 announced a review of all tax and royalty arrangements.
- ***Sierra Leone*** passed new laws in December 2009 which increased royalties and community benefits.
- In ***Namibia***, the government established a State-owned company to take advantage of the mineral wealth.
- In ***South Africa***, profit-based royalties were introduced only in 2009, and there is even an ongoing political debate on the nationalization of the mining sector.
- In ***Chile***, the government established in 2006 a royalty-like fee on the production value (from 0.5 percent to 5 percent of the value, depending on the volume of production). There has been a recent proposal to increase this tax for funding reconstruction from the earthquake in early 2010.
- In ***Ecuador***, the government plans to renegotiate oil contracts to convert them into service arrangements.
- In ***Australia***, the government announced in May 2010 the introduction of a new Resource Super Profits Tax of 40 per cent to be applied from 2012, while in South Australia, royalties have been doubled to 7 per cent (Roubini, "Australian Mining Enters the Crosshairs of Tax Authorities", 11 May, available at: http://www.roubini.com).

Citing a 2010 UNECA study, the UNCTAD says that increased government revenues from the extractive industries could help not only in improving social services but in diversifying a country's economic activities and reducing its dependence on natural resource extraction.

> Government revenues from the extractive industries could be used not only for public investments in infrastructure, health and education, but also for the provision of fiscal incentives and improved public services under industrial policies aimed at diversification of economic activities. This would reduce countries' dependence on

> natural resources – which are finite and the prices of which are volatile – while enabling an expansion of activities in manufacturing, services and agroindustry, where employment elasticities are much higher. (UNCTAD TDR 2010, 158)

Effective taxation on polluting industries

Closely related to taxation schemes on extractive industries, governments must also adopt effective tax regimes to penalize polluting industries, based on the polluter-pays principle. Special attention must be given to understanding the science as well as the economics of the various types of pollution transfers, as the basis for evaluating their impacts and determining the appropriate types and quantities of tax. Usually, pollution transfers are intimately connected to energy and waste transfers. Thus, various types of industries and production chains must be evaluated comprehensively for the positive and negative environmental values they bring to the country.

Extractive industries, many of which such as mineral extraction are heavily polluting, have already been discussed. But high levels of pollution are also seen in major manufacturing industries (especially in terms of energy and waste transfers), and even in seemingly innocuous types of production such as chemical intensive agriculture. Industrial-type production of high-value or specialized crops—potatoes, tobacco, or cut flowers, for example—represent huge quantities of environmental loss in terms of water pollution and soil degradation.

In the broad context of developing countries' national interest, public environmental policy, especially on the regulation of polluting industries, must give considerable weight to imposing and enforcing strict laws on environmental protection, public health and safety, and economic sustainability. At the same time, taxation must also be seen as both a policy-implementing and revenue-generating tool in this regard. There will arise some tension between the revenue-generating and policy-implementing objectives of taxes on polluting industries. Governments will need to study each production chain or pollution type, balance the two considerations, and design its taxation schemes accordingly. (Dias Soares 2011)

One major instrument in this context is the concept and practice of pollution abatement financing schemes, which are mechanisms for "raising and allocating financial resources for the prevention and control of negative effects due to pollution of the environment." (Lovei 1995)

There is sufficient literature to serve as guide for developing countries in determining the right mix of command-and-control and market-based instruments for pollution abatement financing. Public sources of such financing could come from general or earmarked environmental funds raised through general environmental taxes and media-specific pollution charges and fines.

(Extensive discussion on the design of environmental or environmentally-related taxes and various pollution abatement financing schemes, both for developing countries and transition countries, can be found in Dias Soares 2011 and Wang n.d.)

Supporting sustainability efforts by domestic capital

Finally, developing country governments would also do well to explore and adopt positive tax schemes to support social and environmental sustainability efforts by domestic capital, and in the process further promote sustainable and self-reliant industrial development. In particular, governments could implement particular tax incentives—on top of preferential credit support—to domestic industries and economic activities that produce food staples and other basic commodities for the local market, while generating long chains of livelihood and value production both upstream and downstream.

Such fiscal incentives should also acknowledge serious entrepreneurial efforts to adopt responsible stewardship of land and natural resources, practice cooperativism, and strictly observe human rights (including decent work and other fundamental labor rights).

At the very least, governments of developing countries should explore and adopt schemes that will regulate TNCs' export-oriented domestic operations and gradually reduce dependence on FDIs and export industries. The UNCTAD TDR itself has been exploring policy options that require TNCs to use more local content and higher local wage expenditures, which should help spur growth of domestic industries and domestic consumer demand.

> The policy challenge for countries that have manufacturing industries with a strong presence of TNCs producing for the world market is comparable to some extent to that of countries that host TNCs in extractive industries. They need to ensure that an appropriate share of the "rent" remains in the country, and that some form of linkage is established between the advanced export industry and the rest of the economy. In some countries that pursue a coherent industrial policy, the market mechanism may lead foreign companies to purchase intermediate inputs for their production from the local market, and thereby generate some output growth and employment in the economy of the host county. In many cases, however, the market mechanism may not generate such linkages, in which case local content requirements in investment agreements might help, provided that the necessary supply capacities exist. If this is not the case, or in addition to those requirements, adequate taxation of high profits resulting from the low labour costs – which attracted the TNCs in the first place – can be instrumental in ensuring that linkages are created with the rest of the economy. Those linkages can lead to the creation of domestic demand, which in turn can generate additional employment. (UNCTAD TDR 2010, 158)
>
> Consequently, the catch-up strategy of some successful industrializers in Asia (i.e. Japan and the Republic of Korea) was to combine the advantage of a well-educated

domestic labour force with imported advanced technology, thereby allowing domestic producers to gain most of the quasi-monopoly rents. This strategy, which had strong government support, proved to be very effective. A similar effect could be achieved if governments in developing countries were to adequately tax quasi-monopoly rents appropriated by TNCs and use the proceeds to increase domestic demand for domestically produced goods, either directly through purchases by the public sector or indirectly through wage subsidies, public employment programmes and/or financial support for local private investors. (UNCTAD TDR 2010, 158-159)

CONCLUSION

Adopting an alternative development strategy and policy agenda, as outlined above, will not be a smooth and easy process, and certainly will not succeed overnight. Such a gargantuan project, which surely must be reflected in a post-2015 set of global goals, can only be successful if the strategic components are applied in common by many developing countries, and if they adopt a new framework for international development cooperation and economic governance in contrast to what exists now. #

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APPENDIX

A. PRINCIPLES THAT FRAME CPG'S ALTERNATIVE TRADE AND INVESTMENT RULES

1. **Focus on CPG's Priority Concern 8 (New Economic Order).** Setting up the foundations and pillars of a New International Economic Architecture. We must address policy issues, develop policy alternatives, and identify emerging best practices in trade and investment (T/I) rules as part of this new architecture.

- T/I rules must be reformed "to create enabling conditions for poor countries to develop… so that benefits of economic development are shared equitably among countries." (CPG Toolkit, 37)
- "Reform trade relations to promote equality among trade partners, uphold special and differential treatment of developing countries, and help economic development in poor countries." (CPG Toolkit, 37)
- Revisit trade agreements to ensure that they are "pro-poor and development oriented," that there is ample policy space for poor countries, and that trade barriers unfair to them are eliminated. (CPG Toolkit, 37)
- "Corporations and banks must be subjected to human rights, transparency and accountability standards. Concentrated market power of TNCs must be curtailed…" through antitrust and other laws.

2. **HR, democracy, good governance.** Integrating human rights, democracy and good governance into T/I rules

- T/I rules have strong if often indirect impacts on HR and D/GG.
- "Rights motivate development; rights drive development; and rights guide development." (CPG Toolkit, 19)
- "Democratic governance guarantees people's rights and responds to people's demands. This is the essence of good governance and of governance for development." (CPG Toolkit, 38)
- Thus, the HR-based approach and democratic governance should be embedded in T/I rules.
- "All ministries, and in particular economic ministries, must integrate human rights into policy-making." "Economic ministries of wealthy countries must consider how their trade and macroeconomic policies affect HR and development in the rest of the world." (CPG Toolkit, 20)
- "Corporates and banks should adhere to HR laws and standards…" There must be accountability mechanisms, where people have full access and participation, to hold governments and corporations into account for HR violations. (CPG Toolkit, 20)
- "The true measure of good governance is its ability to realize people's human rights and deliver development." Ensure compliance of business and industry with national and international laws and standards particularly on HR, country-owned development programs. (CPG Toolkit, 38-39)
- "… create international rules and monitoring mechanisms to guide the conduct of transnational corporations, addressing such issues as transfer pricing, price fixing, tax evasion, corporate lobbying and interference in national politics." (CPG Toolkit, 39)

3. **Poverty and inequality issues.** T/I rules must address and resolve not only the outward and most urgent manifestations of poverty and income disparities but the deep-seated and long-term structural inequalities that cause it.

- Neoliberal programs have caused inequality to widen wherever they were implemented… Support to small farmers such as subsidies and price controls were withdrawn, which together with trade liberalization rendered farming unviable as a livelihood. (CPG Toolkit, 22)
- The only alternative is to address the issue of global inequality directly, by shifting decisively from a global economy focused primarily on global growth irrespective of who benefits towards a system aimed more directly and explicitly at increasing the incomes, and meeting the needs of the poorest.
- Break up private monopolies or oligopolies over land, finance, technology, services and strategic industries. Increase public ownership and stakeholder management of key sectors of the economy where public interest is paramount (CPG Toolkit, p.23)
- Correct and rectify historically rooted inequities between countries rooted in legacies from colonialism, slavery, and environmental and ecological plunder.

4. **Particular socio-economic issues.** T/I rules aligned with the principles, objectives, and policy measures of food sovereignty, full employment, decent work, universal social protection.

Food Sovereignty

- Local agricultural and food systems form the backbone of people's health, economies, and ecologies and culture the world over. But with trade liberalization and the withdrawal of various forms of agricultural support, the majority of small farmers are squeezed between high input costs and low prices. (CPG Toolkit, 25)
- Globalization has introduced further pressures on poor countries' food sovereignty, including the impact of financial deregulation on agricultural commodities trading, which drove staple crop prices sharply upward, worsening global hunger and poverty. (CPG Toolkit, 25)
- Food and land shortages coupled with loose investment and land laws have created a growing international market for land in very poor countries, which amount to landgrabs that compromise food security and farmers' livelihoods in host nations. (CPG Toolkit, 25)
- Thus, the need to reformulate T/I rules to promote food sovereignty.
- Reform rules and policies in trade, investment and finance to support food sovereignty. (CPG Toolkit, 26)
- Prioritize developing local agricultural and food production using local resources to achieve self sufficiency. Ramp up investment in rural and social infrastructure, extension services and access to resources and credit, with priority given to small farmers, pastoralists, fisherfolk, indigenous people and women. (CPG Toolkit, 26)
- Governments should assert their right to use trade policy (tariffs and quotas) to safeguard domestic producers from unfair competition. Dumping of excess produce must stop. Ban speculative trading in agricultural commodities. (CPG Toolkit, 26)
- Ensure that foreign investment laws and regulations protect access to land and water by local communities in host nations. (CPG Toolkit, 26)

Full employment and decent work

- Generating secure, productive, and decent jobs is central to inclusive development. (CPG Toolkit, 27)
- Corporate globalization and neoliberal policies have combined to weaken the forces of job creation and degrade the overall quality of work. Free market reforms in trade and finance have crippled domestic industry and agriculture in poor countries. They favored investment in sectors that are profitable but are unproductive, have little linkage to the real economy, or have limited scope for job creation. Free trade agreements have allowed multinationals to offshore production and exploit low-wage labor in poor countries where unemployment is endemic and worker rights are weak and poorly enforced. (CPG Toolkit, 27)
- Thus reforms in T/I rules must help ensure and enhance full employment and decent work.

- Use trade, industrial, agricultural, and macroeconomic policies in a strategic fashion to promote long-term development of a country's productive capacity and create decent jobs for the people. (CPG Toolkit, 28)
- Invest in social and public work programs that create employment opportunities for the unemployed and in particular the youth, as well as green, clean and sustainable sectors; and the necessary training for skills required in green jobs. (CPG Toolkit, 28)

Universal social protection

- Social protection systems guarantee the right to a decent standard of living to which no person should fall below... In the last 30 years, the ruling approach has been to strip away labor regulations in order to encourage private investment and commercialize the provision of social services. (CPG Toolkit, 29)
- Publicly managed universal protection systems must be complemented by other efforts to achieve social justice and inclusive development... Ensure coherence of social protection schemes with labor, macroeconomic industrial and agricultural policies as part of a long-term development strategy. (CPG Toolkit, 29-30)

5. **Environmental concerns.** T/I rules that will help protect the environment and promote environmental sustainability.

- Environmental sustainability as a crucial component of inclusive and sustainable development. (CPG Toolkit, 33)
- "Ensure sharing of safe, appropriate and ecologically and socially sound technologies... establish an international public system for the diffusion of green technologies that includes a participatory and transparent mechanism for assessing technologies according to their social, economic and environmental impacts." (CPG Toolkit, 34)
- "Intellectual property rights regime must be reoriented to allow for easier diffusion and development of green technologies." (CPG Toolkit, 34)

6. **Peace and security.** T/I rules that will help promote global and domestic peace and security.

- Inequitable T/I systems aggravate factors for underdevelopment, human insecurity, criminality, and armed conflicts within and between nations.
- T/I interests of developed countries, especially the G7, must be delinked from the global peace and security agenda.
- Adopt and implement restrictions on the global arms trade. (CPG Toolkit, 41-42)

B. ON SPECIFIC TRADE AND INVESTMENT RULES

All ministries, particularly economic ministries, must integrate the basic principles of human rights, democracy, good governance, social justice, equality, environmental protection, and sustainable development into policy-making. Economic ministries of wealthy countries must consider how their T/I policies affect development in the rest of the world.

Governments must work towards building and validating alternative development models, including trade and investment systems, aimed more directly and explicitly at increasing the incomes and meeting the needs of the poorest.

International development cooperation must lead to types of trade and investment systems that don't perpetuate, but rather help undo, historically rooted inequities between countries—especially those between former colonial powers and their former colonies and dependent territories.

1. In the field of trade

- Reform trade relations to promote equality among trade partners, uphold special and differential treatment of developing countries and help economic development in poor countries.

- Revisit trade agreements to ensure:
  - That they are pro-poor and development oriented
  - That there is ample policy space for poor countries in terms of trade, investment and industrial policies.
  - That unfair trade barriers are eliminated, including rich country farm subsidies.
- Reform rules and policies in trade, investment and finance to support food sovereignty. (CPG Toolkit, 26)
- Governments should assert their right to use trade policy (tariffs and quotas) to safeguard domestic producers from unfair competition. Dumping of excess produce must stop. Ban speculative trading in agricultural commodities. (CPG Toolkit, 26)

2. In the field of investments

- Ensure the adherence and compliance of corporations and banks to international and applicable national laws and standards in the field of human rights, environment, development, and their accompanying transparency and accountability mechanisms.
- Where there are gaps in guidelines to regulate the conduct of corporations and banks, international standards and monitoring mechanisms must be created.
- Give particular attention to regulations to prevent or minimize business and banking abuses, such as transfer pricing, price fixing, tax evasion, unfair corporate lobbying, and interference in a country's domestic politics.
- Peoples and communities affected by the operations of corporations and banks should have full access to and participation in such transparency and accountability mechanisms.
- Investments must strictly comply with governments' antitrust laws and other measures that regulate or reduce the market power of TNCs; they must respect governments' campaigns to break up private monopolies or oligopolies over land, finance, technology, services and strategic industries.
- International cooperation must provide substantial support to countries' efforts to increase public ownership and stakeholder management of key sectors of the economy where public interest is paramount.
- Prioritize developing local agricultural and food production using local resources to achieve self sufficiency. Ramp up investment in rural and social infrastructure, extension services and access to resources and credit, with priority given to small farmers, pastoralists, fisherfolk, indigenous people and women. (CPG Toolkit, 26)
- Ensure that foreign investment laws and regulations protect access to land and water by local communities in host nations. (CPG Toolkit, 26)

3. In the field of technology transfer

- Provide space for poor countries to acquire technology, to use trade and investment policies to promote domestic economic development as well as social and environmental goals (CPG Toolkit, 36)