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WHAT IS WRONG WITH SUSTAINABLE DEVELOPMENT GOALS?

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1. Introduction

When in 2015 the United Nations reached the agreement to extend what had until then been the Millennium Development Goals (MDGs) in the form of Sustainable Development Goals (SDGs), an agenda was set as an action plan for people, the planet and prosperity. The statements mention the existence of three dimensions of sustainable development defined as economic, social and environmental. From these dimensions, it is sought to make progress in harmony with nature through sustainable production and consumption. The agreement guidelines are specified in 17 goals and 169 targets that should be met by 2030. (United Nations (a), 2015)

The SDGs document raises the impossibility of achieving the objectives without a global partnership composed of governments, the UN, the private sector and civil society and argues that due to improved interconnection and communications between regions there is a fast spread of financial and economic crises, as well as conflicts, diseases, and natural disasters.

Solutions, according to the UN, should arise from strengthening public policies, regulatory frameworks, and finances, with effective and accountable institutions, rational policies and good governance at all levels. It considers it is essential to conclude the work of the Millennium Goals, which were expanded shortly thereafter in the form of the Sustainable Development Goals, for which it proposes to achieve a new social pact, new social protection systems and measures for all sustainable and appropriate for each country, as well as setting appropriate spending targets for quality investments in public health, education, water and sanitation services.

The proposed global framework also mentions the need to strengthen the agricultural sector, promote rural development and ensure food security, increase public investment in research, infrastructure and initiatives for the poor, development in the least developed countries to achieve economic growth, diversification of economic activity and value-added generation, full and productive employment with decent work for all and equal participation of men and women, incorporate gender perspective into financial, economic and social policy-making, and ensure adequate and affordable access to credit for micro, small and medium-sized enterprises.

2. How to get it

Seven areas of action are proposed to achieve the objectives (United Nations (b), 2015). In the field of international cooperation, it assigns a fundamental role to international public funding as a complement to national efforts. To this end, it is proposed to increase Official Development Assistance (ODA) through the commitment of developed countries to contribute 0.7% of GNI to ODA and between 0.15 and 0.20% of GNI to the ODA in least developed countries. It also attaches importance to global development banks in financing sustainable development on both ordinary and favorable terms and providing countercyclical loans.

Regarding international trade as an engine of inclusive economic growth and poverty reduction, it proposes to promote a universal multilateral trading system within the framework of the World Trade Organization and the liberalization of trade by combating protectionism in all its forms.

Referred to debt and its sustainability, it recognizes the loan as an important instrument to finance key investments but making it clear that the debt must be managed prudently and under the control of the IMF and World Bank.

Among the systemic issues, it is proposed to further improve global economic governance and reinforce the guiding role of the United Nations in promoting development, mentioning the importance of coherence and consistency of financial systems, in support of development, and the need for strong financial market regulation with a global financial security network. It argues that the IMF must be maintained as a strong, quota-based institution with enough resources to meet its systemic responsibilities and to improve early warning capacity for macroeconomic and financial risks. Proposes reform of the financial system and strengthen macroprudential regulation frameworks and countercyclical reserves, as well as the reduction of systemic risks related to the parallel banking sector, derivative financial product markets, the loan of securities and repurchase agreements and face the risk created by "too big to fail" financial institutions. Another issue that is particularly important is the volatility of commodity prices, especially food and agriculture due to its implications for food security and the achievement of better nutrition outcomes.

The last scope mentioned in the document refers to science, technology and capacity building. At this point, it emphasizes the importance of technology transfer, institutional capacity building and human resource development, the formulation of public policies that encourage the development of new technologies and support innovation in developing countries, promote entrepreneurship through tools such as business incubators and the important role of finance and public policies in research and technological development.

3. Current situation

Based on the implementation of the SDGs, the United Nations publishes an annual follow-up report. The 2019 report recognizes that extreme poverty is not close to eliminating by 2030 as proposed by SDG 1. While poverty has been declining since 1990, there were still 736 million people in extreme poverty in 2015, of which 413 million live in Sub-Saharan Africa. In addition, 55% of the world's population does not have any social protection.

In SDG 2, Zero Hunger, the results are worse. In 2015, when the agreement was reached, an estimated 784 million people were hungry and by 2017 that number had increased to 821 million, of which 62% live in two regions, sub-Saharan Africa (237 million) and South Asia (277 million).

SDG 3 on health and well-being may show some progress, as deaths of children under 5 years of age and a decrease in measles cases were achieved through vaccines, tuberculosis, and HIV. The failure occurred in the fight against malaria in which cases increased by a significant proportion.

Access to quality education makes up SDG 4. At this point the results are also very limited as 617 million children and adolescents with minimum skills in reading and math, 750 million adults are illiterate, gender inequality persists in access to education, especially in adult illiteracy, where two-thirds are women and in Central Asia where 27% more girls than boys do not attend school. On the other hand, in sub-Saharan Africa, more than half of schools do not have clean water and sanitation services.

On gender equality, raised in SDG 5, some progress is seen, such as the decrease in the number of girls who marry, more women reaching leadership positions and places in parliaments. However, in West Africa, the practice of female genital mutilation continues to be carried out in 1 in 3 adolescents, which means approximately 200 million women undergoing the practice.

SDG 6 concerns the availability and sustainable management of water and sanitation. In 2017 there were 785 million people without safe drinking water, 673 million defecated outdoors and in 2016 25% of health centers did not have basic drinking water services.

Affordable and no polluting energy corresponds to SDG 7. While 9 out of 10 people in the world have electricity, 840 million people remain without access to electricity, mostly in rural areas and 3 billion lack clean power and fuels. The report also mentions that 17.5% of total energy consumption comes from renewables.

As regards SDG 8 on decent work and economic development, the GDP growth target for achieving in the Least Developed Countries according to the United Nations is 7% per annum, while it really was 4.8% for the period 2010-2017.

Another point where the 2030 target seems very difficult to achieve is SDG 9, industry, innovation and infrastructure. While global R&D investments increased from $73.9 billion in 2000 to $2 trillion in 2016, industrialization in the Least Developed Countries is very slow and the per capita value-added per manufacturing is $114 versus $4938 in Europe and North America. The medium-high and high technology sectors account for 45% of the world's value-added but only 15% in sub-Saharan Africa.

About the reduction of inequality under SDG 10, the report mentions that the income of the poorest 40% of the population in more than half of the data-covered countries increased faster than the national average during 2011-2016. However, it is mentioned that in many countries a growing part goes to the richest 1%, while the poorest 40% receive less than 25% of income.

SDG 11 aims to achieve sustainable communities and cities by solving the problems of precarious settlements with a lack of waste collection and poor air quality.

Production and responsible consumption correspond to SDG 12. Developed countries, according to the report, use one-fifth of natural resources, leaving a material footprint thirteen times greater than that of low-income countries.

Climate change and action to combat it form SDG 13. This item was ratified by 186 countries in the Paris Agreement. The objectives proposed by the agreement involve reducing carbon to 55% of those of 2010 by 2030 and achieving zero emissions by 2050 in order to curb the global average temperature warming estimated in 2018 to be 1°C higher than pre-industrial levels.

SDGs 14 and 15 concern ocean water quality and biodiversity and soil degradation.

Peace, justice and strong institutions forms SDG 16 with the aim of achieving institutions that facilitate access to justice and create effective institutions to achieve sustainable development.

Finally, SDG 17 refers to the international alliance to achieve the SDGs. Among the measures it proposes is the increase in ODA, to achieve the commitments made by the developed countries, to strengthen financial assistance for statistics and reform of tax systems to increase the share of public spending funded by local taxes.

4. So, what is wrong?

As can be seen, while reference is made to the importance of the private sector an entrepreneurship, they are ultimately reduced to a secondary role and governed by public-sector decisions, hence the criticisms that could be made from the Austrian School almost unlimited, but for reasons of space we will focus only on a few points.

Global central planning: this is perhaps the main mistake that can be found in such initiatives. It arises from the belief that international bureaucrats have about the possibility of finding the best use of resources without considering the realities of individuals in each region. Hayek teaches us that a spontaneous order can generate a much more complex order than could be achieved from an organization with a deliberate project. He argues that spontaneous orders have great advantages because they do not seek any particular objective, allowing the achievement of numerous objectives that are often in conflict and it is not necessary for that to be agreed in terms of expected results, it is only necessary that each member of society can use their own knowledge for their personal purposes, having the best chance of success. (Hayek, 2007, 234-235)

Not recognizing the role of governments and multilateral agencies in financial crises and ignorance of the functioning of the market price system: more than one opportunity refers to the problems generated by financial crises and price volatility, while it is considered that development banks need to be strengthened by the IMF and World Bank system to monitor countries situations and participate in problem-solving. For this purpose, they suggest extending the powers of multilateral agencies, while extending financial system regulations to avoid the use of instruments they consider highly speculative. In this regard, it should be noted that international financial markets are one of the most regulated in the world and this was already happening in the 2008 crisis. What is never included in the analysis of these agencies and the governments that make up them is the role that central banks play in generating speculative bubbles, the huge failures in multilateral banks when analyzing the finances of the countries and provide new loans or guarantees and price distortion stakes in different markets when, in the face of bursting bubbles, investors turn to financial derivatives with commodity guarantees like food and oil. In addition, they should bear in mind that the cost imposed on entities to comply with the new regulations causes small ones to disappear, concentrating the market and fueling the growth of groups that then turn out to be "too big to fail".

It is also worth remembering that Peter Bauer mentions that it is not possible to increase resources from global planning and that it only increases and concentrates power by centralizing decision-making. (Bauer, 1996, 83)

Loss of incentives with the progressive tax system: Mises teaches us that, while taxes are necessary, progressive levies on income and assets are nothing more than a spoliation to those most capable of society. In addition, in the Human Action mentions that progressive taxes are regressive because individuals would use the additional funds for investment in new capital, while the state ends up using them for consumption expenses which results in a paralysis of technical progress and productivity with the consequent brake on rising real wages, so it is false for fiscal policy to fall on the richest, but also to be suffered by the poorest. (Mises, 1968, 963)

Another point that Mises mentions is that the progressive system acts as a kind of insurance for those already established, because they are left in a privileged position by preventing new competitors from entering the market and generating an immobility that hinders economic progress and makes property a privilege. This could partly explain why it is so easy to find supporters of redistribution through progressive imposition among businessmen.

Rothbard argues that such taxes increase incentives to be part of the group that lives outside production while reducing the production base, because progressive taxes impact wages, land income, interest and earnings, reducing the incentive to generate new income. (Rothbard, 2013, 431-432)

We also learn from Rothbard that there is other additional damage caused by this type of tax, which occurs to savings and investment by modifying the results of individuals time preference, leaving no effect on investments in marginal projects whose funds will be earmarked for consumption, thus preventing the formation of new capital.

Public investment: Public investment is often taken as a kind of lifeline when conditions are not given for the private sector to make or as a source of countercyclical measures. In this regard we can point out that as indicated by Hazlitt we cannot lose sight of the way that the funds used by governments in such works are obtained by levying, so the counterpart of a public salary created is a private salary destroyed. It should be clarified that Hazlitt criticizes public work as it is used to combat unemployment, not in cases where the funds are earmarked for works that are required to achieve the necessary public services. In this regard, he tells us that if the purpose of public work is to create employment, projects are invented wherever they can be done, whether the work needs. (Hazlitt, 1996, 25-26)

Public Debt: This is a very much related point to the previous one and both Mises and Bauer discuss the drawbacks of public borrowing for investment. Mises tells us that the state never achieves the accumulation of capital because the funds earmarked for it were obtained through taxes and somehow the debt funds always end up going to consumption expenses. Interventionist politicians do not take into account that to overcome scarcity there is no alternative but to accumulate new capital and criticize frugality as Mises says by filling their mouths against so-called excessive savings, advise spending more and restrict production, achieving without proposing misery and social disintegration. (Mises, 1968, 971)

Peter Bauer mentions the vicious cycle of indebtedness that occurs from the international lending system for less developed countries, which, being on favorable terms, are taken and used unproductively which leads to new Indebtedness. (Bauer, 1996, 166)

Official development assistance: the attention to the failure to achieve the planned objectives, the United Nations agendas will systematically return to the same mistakes. All the documents on the SDGs attach major importance to ODA, even though as early as 1972 Peter Bauer had made a devastating criticism on this point. In this work he explains that the aid system is a handout and that assuming that the argument that foreign aid is indispensable for development is true, leads to the conclusion that without alms poverty prevents capital formation. (Bauer, 1996, 19).

He finds that ODA has adverse effects because it favors the assumption of gratuitousness of development prerequisites, encourages the idea that resources should be contributed by others, diverts attention from the causes of poverty, stimulates policies that reduce income level and interferes with the market. In addition, countries that provide aid often put barriers to products from the countries they help (Bauer, 1996, 126).

The difference between using local and foreign resources received free of charge is the generation process that develops both the personal qualities and institutional frameworks necessary for progress. Since the efficient use of capital requires the same skill, motivation, and institutions that enabled it to be created, it is likely to be more productive when used by those who managed to create it. (Bauer, 1996, 129). He also criticizes the view that infrastructure is a pre-development condition because if the conditions for development are given, capital will be formed locally through loans on commercial terms, or with tax revenues or profits from companies, but if institutional conditions do not exist, the aid will be unproductive. What is essential for achieving development are the institutional conditions that favor it, foreign aid cannot achieve it alone. (Bauer, 1996, 121-122). Furthermore, he argues that foreign aid ends up favoring the most affluent sectors, even if it is intended to solve hunger, starvation has more to do with the impediment of some sectors to gain their livelihood because of a lack of capacities or institutional barriers to the entry of formal employment or restrictions on access to land. (Bauer, 1996, 160-161).

Angus Deaton, referring to the situation in Africa, comments that during the Cold War growth declined while aid increased, while otherwise came as aid ended the Cold War fell. Referring to the idea that ODA can replace investment, he tells us that aid obviously does not work in the same way as investment, the correlation between aid as a percentage of national income and growth is negative. He also mentions that NGOs, the WB and UN agencies have incentives to exaggerate successes and hide failures as they are dedicated to raising and allocating funds and aid is a project issue and the effects on economic growth are not assessed. (Deaton, 2015, 312-319).

Tax redistribution: Bauer explains that its objective either at the national or international level is to improve the situation of the poor, but if this is not achieved with internal redistribution, international redistribution is likely to nor does it come, since it is channeled through the governments of these countries. (Bauer, 1996, 164).

Deaton says that inequality is often a consequence of progress. Poverty, deprivation and precarious health arise as a result of lack of freedom. (Deaton, 2015, 17). He also criticizes ODA because he believes that the illusion of aid is an inconvenience in improving the lives of the poor and arises from the misconception that it is possible to eliminate poverty through donations. (Deaton, 2015, 299-300). Speaking of poverty, he says that if the cause of poverty is not a lack of resources or opportunities but poor governments and institutions and toxic policies, it is likely to be perpetuated if more money is given to governments. (Deaton, 2015, 304).

Ludwig von Mises reminds us that when fiscal policy becomes a genuine source of resources for the functioning of government and becomes a discriminatory system based on progressive taxes and inheritance, what is achieved is not a tax system but an expropriation of the most capable entrepreneurs and capitalists. (Mises, 1968, 968-969).

Talking about measures to promote equality points out that they reduce capital growth at best, although it may even impede its formation and destroy the existing one, which will paralyze development and lead to the pauperization of people (Mises, 1968, 1015).

In addition, when the income from investments is taxed, as is the case with income tax, savings and investment are damaged, because incomes are below what is determined by the time preference of investors and generate that marginal investments that were possible at a higher rate of return are not made. (Rothbard, 2013, 433).

Seth Norton tells us that empirical analysis shows that high levels of human development are associated with better definition of property, poverty is greatest in places where property rights are not well specified and that property rights exert a very strong influence on the well-being of the poorest, the Human Poverty Index is drastically reduced with property rights are strong (Norton, 1998, 238-239).

Agustín Etchebarne says that inequality is only unfair if it arises from any privilege. For this author, the important thing is equality before the law that allows everyone to have the same rules to develop their potential, this is the equality that generates progress and wealth, making it so that there is such social mobility that in capitalist countries 90% of people manage to get out of poverty in 15 years. (Etchebarne, 2019, 120)

Norton and Gwartney in 2008 mentioned that greater economic freedom increases growth and *per capita* income, which should result in a reduction in poverty, although it is expected that it will take some time before its effects are felt. The best way to reduce poverty is to promote strong institutions and policies that promote economic freedom. (Norton and Gwartney, 2008, 49-53).

Because poverty reduction requires increasing growth, the growth process needs to be understood. High growth and low poverty depend on trade profits, business and investment (Norton and Gwartney, 2008, 55).

If there is no certainty about respect for property rights, the law is skewedly applied, market access is limited by trade restrictions, there is no possibility of generating genuine profits, as they are not a spontaneous phenomenon, but consequence of institutions and policies that promote economic freedom. (Norton and Gwartney, 2008, 55).

5. Conclusions

Despite the warnings and the large amount of literature against, multilateral agencies continue to offer fictitious solutions based on the same recipes that have already failed. They propose interventionist economic policies, such as stimulus packages, minimum wages, and redistribution, without listening to other voices.

It is paradoxical that consumerism is criticized and at the same time measures are recommended to incentivize present consumption to the detriment of the savings essential to achieve the consumption and responsible production that the same organisms preach.

The conclusion is clear, in order to achieve greater development, combat poverty, achieve equality before the law and combat unemployment, it is necessary to open up to trade, to achieve sound institutional frameworks, respect for the legal order and above all respect for the rights of property.

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