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DFID’s latest White Paper on international development has been eagerly awaited in policy circles for a number of reasons. It is the first major statement on globalization by an influential bilateral donor outside the US. It comes in the middle of extensive civil society criticism of many aspects of globalization, on the streets (Seattle, Prague, Porto Alegre) and in international fora, and also in the midst of serious attacks from right, left and centre of the IMF and the World Bank, leading to the collapse of the Washington Consensus. On some long-standing development issues, the White Paper does indeed make welcome commitments — to ending tied aid, to making corruption abroad by transnationals illegal under UK law, to further raising UK development assistance nearer the United Nations (UN) target of 0.7% of the Gross National Product.

There has been some expectation that the Paper might point to a ‘third way’ between left and right; one that would provide pointers, if not a blueprint, for how globalization might be regulated and harnessed so as to prevent and redress its proneness to worsening economic and social inequality and injustice, while reaping its possible potential to reduce poverty. For those with such expectations, the White Paper is a disappointment. While undeniably sticking its neck out on some issues, its overall stance is clearly pro-globalization, and its suggestions for regulation, moderation and control are largely weak or absent.

This is clear in the opening chapter's section ‘the opportunities and risks of globalization’, whose discussion of the connections among economic growth, poverty and inequality could have been drawn (and possibly was) from the World Bank’s macroeconomists. As is well known, the Bank’s inter-country comparisons of growth–poverty–inequality often raise eyebrows because they do not admit their sensitivity to the choice of countries and time-periods. Paragraph 28 of the White Paper similarly expects the reader to believe that inequality between countries declined during the 1990s without providing either evidence or any clear explanation. The discussion of the systemic risks of globalization in this key section is confined to one paragraph (38) and, in that, to the well-accepted volatility of short-term
capital flows. There is no mention or analysis of the systemic risks posed by the new world trade regime under the World Trade Organization (WTO) to the livelihoods and resources of the poor, or of the continuing pressure to liberalize markets and economies despite expected losses of jobs or biodiversity, or of the continuing problems posed by ongoing structural adjustment under new guises. Instead, on many of the core issues surrounding world trade, capital movements, technology transfer, or debt, it simply reflects well-known G-7 positions.

The language of international negotiations is full of hard and soft verbs. The hard ones include such verbs as require, commit, must, should; the soft ones are encourage, take account of, is important that, etc. No matter how persuasive the arguments, or how serious the concerns expressed, the crux of a negotiation is in the quality of its verbs. If the verbs are largely soft, the document will sink like a stone because nothing much will happen by way of action. But there are also many other ways by which skilled negotiators and those who draft documents can escape commitment to action. Lofty principles can be stated, and problems or issues can be analysed and then left hanging without any clear commitments to action. Or actions may be specified but without spelling out who is responsible for carrying them out. Finally, actions and responsible actors may be specified but financial, legal or other bottlenecks left unresolved.

The chapter on ‘Harnessing Private Finance’ is a good example of the previous discussion. While agreeing that there are risks associated with rapid capital account liberalization, its proposal is for so-called ‘road maps’ for the opening of capital accounts — a reliance on the weakest of possible measures. There is no real discussion of the development impact in those countries such as Chile or Malaysia that have used capital controls, and there is no mention of the tax on currency transactions (the so-called Tobin tax) as a possible measure even though it is under study currently by the UN after the Copenhagen Plus Five review, and has been raised in the British parliament. Rather, there is a clear statement that controls on short-term capital flows “should (strong verb) be viewed as . . . temporary” (paragraph 164).

The White Paper also gives its blessing to the Bretton Woods institutions as having “an important role to play in promoting pro-poor economic growth and integration of developing economies into global markets” (paragraph 168). Unless I am much mistaken, the latter at least is not within their articles of agreement. It also appears to turn its face away from International Monetary Fund (IMF) reform. The statement in paragraph 169 that “… IMF programmes should take better account of their impact on the lives of the poor” is a classic use of a soft verb to deal with a very hard problem.

One of the most controversial aspects of the White Paper is likely to be its support for the resuscitation of a Multilateral Agreement on Investment (MAI) negotiated through the WTO (paragraph 185) on the somewhat disingenuous argument that developing countries need the investment, and that the WTO “works by consensus and . . . developing countries constitute two-thirds of the membership”. The paragraphs on the MAI are full of hard
verbs — shoulds, should nots, and committeds. The balancing call for global competition policy to deal with monopoly power in paragraph 188 has, however, the gentlest of verbs: needs to be.

Equally soft is the approach to transnational corporations where the White Paper relies on the spirit of voluntarism and guidelines. The exception is to deal with corruption abroad on which DFID makes a commitment to legislate giving UK courts jurisdiction. It remains to be seen whether the development of an ‘integrated’ strategy focused on voluntary initiatives will yield results.

Regarding the WTO, DFID calls for a new ‘Development Round’ that is supposed to deal with a number of the current problems and inequities. While calling for high priority in such a round to the multilateral liberalization of agriculture in line with the UK’s known position, it also “think(s) a new Round should be broad enough to handle (soft verbs again?)” issues such as industrial tariffs, anti-dumping, etc. It should also ‘clarify’ (another soft verb?) the relationship between trade and multilateral environment agreements. It promises to support the building up of trade negotiation capacity of developing countries so that “they can exert their influence more effectively”. As expected, the DFID position on core labour standards is on the side of working through the International Labour Organization rather than the WTO.

But is this all there is to the strongly expressed civil society and other concern about the WTO? DFID promises, for instance, to “make intellectual property regimes work better for poor people”. If so, then clearer and stronger commitments in areas such as intellectual property rights and patent regimes would have been useful. In the area of pharmaceuticals, for instance, the US has threatened action against Brazil’s highly successful program for making antiretroviral drugs available to HIV patients cheaply through domestic production. How DFID might react to this is unclear since there is no clear discussion of many of the real problems posed by the WTO agreements beyond the issue of whether governmental delegations from developing countries are able to participate in negotiations.

Finally, in regard to environmental issues, the Paper makes a clear statement that the consumption of the rich countries has major responsibility for environmental problems. And it goes on to commit the UK to meeting Kyoto targets on emissions. This is distinctly better than the record of the US on this issue. It also promises stronger help to developing countries to access clean energy sources. But a major lacuna is on the actions needed to make the WTO compatible with global environmental agreements.

Overall, the White Paper has a small number of progressive commitments, a large number of critical gaps, and a stance that appears to view globalization as both inevitable as well as largely beneficial. There are many who would have wished for a more gutsy tackling of the hard issues of the twenty-first century.