

POLICY BRIEF

ON DEVELOPMENT COOPERATION

GLOBAL PARTNERSHIP FOR „DEVELOPMENT“ AND THE VISEGRAD COUNTRIES

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What we usually call “development” denoted especially industrialization, modernization and the movement on the evolutionary ladder towards the rich societies of the West. The goal in that time was among other things to offer an alternative to the communist dream of a classless society.

The lack of capacity to fulfill the promises of the modernization theories led to changes not only in the goals but also in the efforts of the employees of this new global industry with human lives. Even though the differentiation of societies according to their level of “development” remained the same, the ambitious goals of the transformation of whole continents has been abandoned in favor of much more modest aims grouped together under the heading of the fight against poverty.

Already during the 1960s, Gunnar Myrdal (1972, orig. 1968) started to study poverty, but the main attack came with Robert McNamara becoming the World Bank president. He was not interested only in the main indicator – the GDP per capita, but also in the real impact of the World Bank’s loans on poverty, for example on the nutritional figures (*Finnemore 1997*).

After the lost decade full of debt crises in the 1980s, the end of the Cold War meant a general decline of interest in the affairs of the countries of the global South. The expected peace dividend did not materialize. The return of “development” on the international scene occurred when the Millennium Development Goals have been agreed upon.

Even though the emphasis on poverty has been kept in this last reincarnation of the development discourse, other goals include education, gender equality or child mortality. The last one is to “Develop a Global Partnership for Development”. This goal is also the topic of this Policy brief on development cooperation. What does it contain and what is its relation to the Visegrad four (V4)? I will try to address this question by first sketching the targets and the indicators of this goal. Then I will analyze them from a critical perspective to be able to say that “the global partnership for development” only serves to justify the continuation of the neoliberal globalization with all its negative consequences. In the next part I will focus on the semi-peripheral position of the V4 countries in the world economy in order to conclude with more concrete steps for their alliance with the countries of the periphery. The last Millennium goal consists of seven concrete targets and for measurement it uses the indicators listed below in the table.

GOAL 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

Target 8.A: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

Includes a commitment to good governance, development and poverty reduction – both nationally and internationally

Target 8.B: Address the special needs of the least developed countries

Includes: tariff and quota free access for the least developed countries' exports; enhanced programme of debt relief for heavily indebted poor countries (HIPC) and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction

Some of the indicators listed below are monitored separately for the least developed countries (LDCs), Africa, landlocked developing countries and small island developing states.

Official development assistance (ODA)

8.1 Net ODA, total and to the least developed countries, as percentage of OECD/DAC donors' gross national income

8.2 Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation)

<p>Target 8.C: Address the special needs of landlocked developing countries and small island developing states (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly)</p> <p>Target 8.D: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term</p>	<p>8.3 Proportion of bilateral official development assistance of OECD/DAC donors that is untied</p> <p>8.4 ODA received in landlocked developing countries as a proportion of their gross national incomes</p> <p>8.5 ODA received in small island developing States as a proportion of their gross national incomes</p> <p>Market access</p> <p>8.6 Proportion of total developed country imports (by value and excluding arms) from developing countries and least developed countries, admitted free of duty</p> <p>8.7 Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries</p> <p>8.8 Agricultural support estimate for OECD countries as a percentage of their gross domestic product</p> <p>8.9 Proportion of ODA provided to help build trade capacity</p> <p>Debt sustainability</p> <p>8.10 Total number of countries that have reached their HIPC decision points and number that have reached their HIPC completion points (cumulative)</p> <p>8.11 Debt relief committed under HIPC and MDRI Initiatives</p> <p>8.12 Debt service as a percentage of exports of goods and services</p>
<p>Target 8.E: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries</p>	<p>8.13 Proportion of population with access to affordable essential drugs on a sustainable basis</p>
<p>Target 8.F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications</p>	<p>8.14 Fixed telephone lines per 100 inhabitants</p> <p>8.15 Mobile cellular subscriptions per 100 inhabitants</p> <p>8.16 Internet users per 100 inhabitants</p>

Source: United Nations (2008)

It has ambitious aims such as the nondiscriminatory trade system that, however, should be advantageous to the export of the poorest countries. They should have their debts canceled. The aim is also to secure the employment of young people, access to basic medicine and new technologies. The indicators are related to the targets and are concerned with the amount of aid per GNP, its use, the share of imports from the countries of the global South to the countries of the global North, tariffs in the North, subsidies to the agriculture, cancellation of debt within the Highly Indebted Poor Countries Initiative, the rate of unemployment of the young people, the share of people with access to basic medicines, the number of phone lines and personal computers per 100 people.

The last Millennium Goal differs from other goals not only by containing two to three times more targets, but especially because whereas most of the targets are quantitative and therefore clearly measurable, the targets of the last goal are all without the quantitative commitments. It seems as if it were not necessary to measure the progress in the realm of the world trade reform or indebtedness (Ziai 2011: 29). Even though the Report on the Millennium Development Goals 2012 (United Nations 2012) states the changes in the number of phones in use, the increase in the official “development” assistance, or the decline in average tariff rates on agricultural products in the countries of the North, none of these indicators is related to the binding goal that would enable the evaluation of its accomplishment.

In general, this goal calls for global partnership, but it is very questionable to what type of global partnership cell phones or internet do actually contribute. What they enable is even deeper penetration of capital into the countries of the global South. Therefore it seems that instead of partnership, this goal aims at keeping and deepening the unequal power relations.

This is related to the general perspective on global relations of the UN documents on the Millennium Development Goals. Their discursive analysis reveals that even though the global economic liberalization led to unequal distribution of trade benefits, in general it is considered as “potentially useful” (*ibid.*: 32). The actors are supposed to adjust themselves and if they fail, it is their fault and not the fault on the side of the liberalization itself. The 8A target that aims at the development of an open trading system expresses it clearly.

Despite the existence of studies that prove that free trade between the rich and the poor countries haven't had positive impacts on poverty reduction (*see e.g. Winters – McCulloch – McKay 2004*), the UN promotes free trade global “partnership”.

■ The Visegrad Four on the semiperiphery of the world trade

The dependency theory that divides the world into the periphery and the core was not capable of explaining the movements in industrialization and technological modernization of some countries. The theory of the capitalist world economy from Immanuel Wallerstein made this possible. The key defining element for putting a country into the core, periphery or semiperiphery has become the sophistication of production. The core countries produce the leading products coming from e.g. the aviation industry or genetic engineering. The peripheral states produce simple products such as textile, or most often they export raw materials. Former leading products such as steel, automobiles or even computers are produced in the semiperiphery (*Wallerstein 2004*).

This very rough division of the world enables Wallerstein to explain the transition of e.g. the South Korea from the periphery in the 1950s to the semiperiphery in the current period. The Visegrad region is also part of the semiperiphery. Countries in this region compete between each other and try to secure the relocation of the production of the former leading products to their land. The peripheral countries are in this “economic development” on a much worse position and today also due to environmental constraints it is clear that it is practically impossible for them to industrialize in a substantial manner.

Since the 1980s we have witnessed the decline of solidarity among the countries of the global South. On the one hand there has been the gradual modernization of production in the Southeast Asia, on the other hand the poorest African and Latin American countries were trapped in debt incapable of resisting the dominant actors who promoted the free trade policies with their destructive impacts on the Southern economies. It is well documented by the relation between the countries of Africa, the Caribbean and the Pacific (ACP) and the EEC (later EU). The Lomé 1 agreement (1975) reflects the power relations that were the most favorable to the countries of the global South in modern times. That was the era of the oil crisis caused to a certain extent by the Organization of Oil Exporting Countries (OPEC) and of efforts to found similar cartels. The StabEx program, which stabilized the revenues from export, secured stability of the world trade in favor of the raw material exporters without any conditionality. Since then the conditions of this program have only got worse reflecting the worsening of the unequal relations between the global South and North (*Raffer – Singer 2001: 99–119*).

We can see similarly unequal relations between the countries of the EU. There is also a highly productive core and a periphery consisting of the new member states and the indebted countries with lower productivity and the inability to balance their balance of payment deficit. Even though the peripheral areas within the EU import the products coming from the core, they are not capable of leveling up with similar exports of the same quantity.

Unequal exchange is typical of neocolonial relations in today's world and can be found in the relations between the EU and the global South just as much as in the EU between its internal core and periphery (*see e.g. Böröcz 2001*). For example, Germany or Austria invest in the V4 countries, which results in the subsequent export of profits back to the mother countries. Another example of unequal exchange is the worsening of the terms of trade between the countries of the core and periphery. The prices of primary products (except for oil) decline relatively in comparison to the prices of more sophisticated products (*Raffer 2011*).

The V4 countries are between these antagonistic areas. On the one hand their main export article is not raw materials, on the other hand they are not capable of monopolizing their production and producing the currently most profitable products.

Their goal, however, should not be to move the production from the West to the East which is usually just a changing station before the terminal in the global South with much lower wages and social and environmental protection. This scenario is constantly being played out in front of our very eyes and its last episode is the successful effort of the Slovak Prime Minister Robert Fico to persuade the US Steel managers

not to close their steel factory in Slovakia. The price of keeping this factory can go up to 150 M EUR (SITA 2013). But the V4 countries should try to equalize the unequal relations that go not only against the interests of the people living in the global South, but also against large sections of their own population. Lower income groups are the most threatened by the global competition pressing on the reduction of the employee protection and wages. Scandalous wages of the needlewomen from Hencovce are not just an isolated case, but are the result of the way the world economy functions. The solution is not to lower the social standards and thus attract the investors, but together with other countries adjust them and keep them on a level to enable the employees dignified living conditions.

Conclusion

Let us come back to the topic of this paper – the eighth Millennium Goal “Developing a Global Partnership for Development” – and let us ask how else could we “develop” our global partnership with the countries of the global South? If free trade brings worsening of poverty and not its reduction, where could we seek answers to our questions regarding this partnership?

Research shows that for example in the German government, there were conflicts between the ministries of industry, finance or agriculture representing the alleged national interest and the Ministry for economic cooperation and development fighting for the interests of the global South. In general, at the international level, e.g. the WTO, the ideas coming from the ministries mentioned first are dominant (Ziai 2010). But these ideas do not damage only the countries of the global South but also those of the European periphery. As many commentators pointed out, the problem of the current European crisis is structural and is to be found in Germany as well (*in Slovak see e.g. Becker – Lesay 2012*). This means that the solution to the Greek debt problems is not only about the capacity of the Greeks to spend even less than now (though they already decreased their spending to such an extent that the rates of malnourishment are rising), but also about their capacity to increase their productivity or improve the tax collection. The solution can be also seen in the capacity of Greece to change the structurally unequal relations between the European countries with lower productivity and lower sophistication of production and the countries with opposite features. Greeks just like we do not have to suffer for the quality of performance of their economy in the current international trade framework. We all can change the trade setting in such a way that we, the Greeks and other semiperipheral countries would benefit from it. At the same time, in relation to the eighth Millennium goal of developing a global partnership, it should be our aim to connect ourselves as part of the semiperiphery with the peripheral countries in our common fight for more equal international trade (but especially for the localization of production). Less equal relations would not be advantageous only to us, but also to many poorer countries we want to build a global partnership with. These are the interests that we should represent in Europe, because they are not only ours, but especially because they reflect a general desire of the Slovaks to help others.

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