

Development Cooperation

Facing the Challenges of Global Change

EDITED BY
Koldo Unceta and
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Center for Basque Studies
University of Nevada, Reno

UPV/EHU

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Introduction: Development Cooperation in Transition

KOLDO UNCETA and AMAIA ARRINDA

Translated by Robert Forstag and Cameron Watson

Development cooperation, a phenomenon which arose some fifty years ago, has been affected by various factors that have to a great extent changed the context in which it has operated in recent times. At the end of the twentieth century, following the end of the Cold War, the so-called developing countries—those that were regarded as potential recipients of aid programs—were no longer seen as *politically* important (as capable of playing an important role in the confrontation between East and West) and instead came to be viewed as an ethical problem more suitably addressed by humanitarian organizations than by governments.

In the absence of geostrategic justifications, efforts to promote development required ethical and political motivations, a challenge that governments and international bodies were either unable or unwilling to respond to, and this is something that undoubtedly influenced the lower degree of importance that development cooperation has today on the international political agenda. But in addition to the impact on cooperation of the changes that have occurred in international relations, the rapid growth of globalization—and the accompanying increase in interdependence between economic, social, ecological, and cultural processes among different parts of the world—also substantially modified the framework in which development cooperation functioned.

Globalization and Development Cooperation

Until the 1980s, the conditions in which people lived depended to a great extent on the capacity of the institutions, organizations, and social groups of each country to promote activities that could increase their well-being. Governments, companies, and many different kinds of social organizations carried out their activities within a framework that was fundamentally determined by the rules established within each individual country. In the case of the most disadvantaged countries, development cooperation or other instruments of economic or financial cooperation had to make it possible for such countries to accelerate their own development without calling into question, at least formally, their capacity to advance in any particular area, or to establish their own economic policies and means of social control.

In contrast, the globalization process today—most especially those conditions related to the economic and financial liberalization that has taken place—means that the prices of goods and services, salaries, interest rates, taxes, investments, and public expenditure are largely determined by the exogenous global factors in which economic activities are conducted. Within such a context, institutions and social organizations are confronted with global problems when devising and implementing their own development strategies.

Within this new scenario, globalization has meant, in the first place, a radical change in development financing, mainly as a consequence of the impact of the free circulation of capital and of the resulting difficulty of channeling investment—by means of public policies—for the purpose of achieving particular development objectives. This change was also the result of the vulnerability experienced by many countries, as well as within many development processes, as a consequence of an uncertainty associated with the functioning of international financial markets.

Secondly, globalization has involved the emergence of global development problems that transcend national borders and that can no longer be addressed only within the framework of individual states: most importantly, environmental issues, but also other problems deriving from migration, financial crises, and growing international epidemics.

Thirdly, globalization processes have also led to a crisis in democratic institutions with both national and international effects. A new phenomenon has emerged: namely, people are increasingly less able to make important decisions regarding their future within nation-states with less

room for maneuver and within a context in which authoritarianism is gaining ground and global conditions often appear to exert their effects independently of any political decisions.

Fourth, the globalizing process has involved an increase in human insecurity with respect to labor and economic markets, the environment, food supply and quality, politics, and the personal lives of individuals. This growing and pervasive insecurity threatens the stability of people's living conditions, increasing their vulnerability and also the uncertainty of development processes.

Within this context, there has been increasing internationalization, not only with respect to problems affecting development, but also as regards the concerns and strategies of institutions and organizations in various countries. This has had a powerful impact on international cooperation generally and on development cooperation specifically. As a consequence, development cooperation can no longer be conceived as a mere transfer of technical and financial resources and must instead be viewed as a set of measures that affect a number of different countries, and that are geared toward making human progress possible and viable on a global scale.

Changes in the Conceptualization of Development

Changes in the conceptualization of development itself have also influenced the way cooperation is viewed. Initially, these changes were the result of an end of the consensus that had previously existed regarding the need for an explicit commitment to development on the part of both national and international public institutions. This was replaced by the hegemony of a new thinking that saw the market as being responsible for assigning resources and achieving greater economic efficiency that, supposedly, would translate into greater progress.

Consistent with this new view, official doctrine has gone from considering development as the responsibility of public authorities and multilateral bodies to seeing it as something in which economic liberalization and the progressive dismantling of the state constitute its defining qualities. As a corollary of this, Official Development Assistance (ODA)—once viewed as primarily based upon the strengthening of development policies—is now regarded as something in which humanitarian or palliative action play an increasingly greater role. All of this has, to a large extent, involved radical changes in both the instruments involved in the develop-

ment process and in the role that various agents play with respect to cooperation, thus directly affecting both governments and nongovernmental development organizations (NGDOs).

While liberal orthodoxy has openly questioned any notion of development premised on the responsibility of public authorities, progressive critics have vociferously attacked the traditional vision of development that is grounded in the absolute prioritization of economic growth. Thus, in recent decades, the notions of human development, sustainable development, and post-development have been steadily gaining ground as expressions of dissatisfaction with the results that have been obtained, and/or of the need to propose alternative options to conventional development. Both in certain academic settings as well as in certain social and political circles, development is increasingly seen as a complex process in which the increase of production capacities (economic growth) is not the only, or even in certain cases the most important, factor to be considered. In contrast, human development, as both a process involving more opportunities for individuals (as measured by an increase in their capacities and freedoms) and sustainable development, and as a process compatible with providing more and better options to future generations, has emphasized the need to address various facets of processes of social change when it comes to planning development strategies. A consideration of these allows us to envisage a different perspective of the relationship between globalization and development—one that takes into account the implications of current global dynamics, both for the development of different societies and for the possibilities of attaining a higher degree of human security that diminishes the vulnerability to which millions of people around the world are subject in particular areas (economics, the environment, health, politics, culture, and so on).

From this perspective, cooperation should involve a prioritization of those aspects of the current globalization model that exercise the most negative impact upon development processes in different places around the world. This means not only trying to launch projects that contribute to improving the fate of various human collectives in the short term, but also working toward a notion of cooperation that is capable of having an impact on the very processes that determine the development of particular societies—processes that can undermine the efforts of specific projects. But for this to happen, it is essential that there be a renewed ethical and political consensus on the proper role of institutions and regarding the need to not leave the fate of humanity in the hands of market forces.

The Current Crisis and the Future of Cooperation

Problems that affect development cooperation are also exacerbated by the current economic and financial crisis. In recent years, and especially after the 2004 Monterrey Summit, international debates on cooperation have lost ground. The predictable failure of the extremely modest Millennium Development Goals (MGDs) casts an increasingly long shadow of doubt on the capacity of governments and international bodies to promote cooperation and make progress on development. These problems, however, have been even further exacerbated by the recent economic crisis, which differs from previous downturns and whose future consequences are unpredictable.

Some of the factors that led to the crisis—such as the excessive influence of an uncontrolled financial sector farther and farther removed from the production economy—ought to give rise to a reconsideration of recently hegemonic liberal dogmas, leading instead to a much firmer commitment to balanced development based on international cooperation. Other matters, such as climate change and the gradual exhaustion of certain resources, constitute grave problems that threaten to impede progress and compromise human well-being in the medium to long term. Finally, increasingly prevalent social crises are evidence of the growing discontent of millions of people regarding a current situation that represents a far cry from the promise of development a mere fifty years ago. The simultaneous occurrence of these economic, environmental, and social crises, together with the growing (and highly alarming) threat that they are closely related to one another, probably constitute the most important collective challenge that we have ever faced in the short history of international development cooperation.

Given the context of the kind of systematic crisis that we are currently facing, development cooperation—understood as the commitment to construct a more secure, equitable, sustainable world that has room for development processes in those countries where such processes are so urgently needed—must necessarily play an essential role. Unfortunately, the opposite seems to be the case at present. No one speaks any longer of the MGDs that, despite their glaring inadequacy, are no longer attainable. The spectacular failure of the 2009 Copenhagen Summit on climate change has receded into the past, and those who are the mainly responsible for the problem appear unconcerned. Inequalities of various kinds continue to prevail in many different countries. Poverty and violations of human

rights become more common with each passing day, and the indignation on the part of the international community does nothing to impede their advance. Defying logic as well as history, development cooperation and the debate regarding global human security have not found a place on the agendas of either G-20 meetings or of their individual governments.

Given this state of affairs, the debate surrounding development cooperation is one means of addressing such issues. In the meantime, the problems that led to the current crisis have, in many ways, been exacerbated. It is therefore more necessary than ever to address the difficulties that stand in the way of cooperation, analyze the complex nature of many of the problems of development that remain to be faced, propose alternatives capable of overcoming resistance, and learn from previous mistakes. This book—authored by researchers at the Universidad del País Vasco/Euskal Herriko Unibertsitatea (UPV/EHU, University of the Basque Country) in collaboration on occasion with scholars from other institutions—was written with these goals in mind and addresses the current challenges of development and cooperation.

The issues explored here are critically important to contemporary debates regarding the future of development cooperation: sustainability, gender equality, technology, communication, rural development, conflicts, labor relations, development financing, and the specific situation of Africa. The following chapters, then, constitute vital contributions to the continuing discussion on the future challenges of international development and cooperation.

We would like to end this introduction by expressing the fond memories we have of our colleague, Jesús Santamaría, a professor at the University of Valladolid, and a keen researcher in development cooperation, who was a peer reviewer for some of the chapters in this book. His unexpected death came this past August 2010, while he was enjoying his favorite passion: hiking. We believe that it is worth, in this case, slightly breaking the anonymity rule to acknowledge here a heartfelt tribute to his stature and his work.

Sustainable Development in the Brundtland Report and Its Distortion: Implications for Development Economics and International Cooperation

ROBERTO BERMEJO, IÑAKI ARTO, and DAVID HOYOS

Translated by Robert Forstag

When people first became aware of ecological problems in the 1960s, such issues were seen as discrete and unconnected concerns that each had perfectly identifiable causes (normally related to industry). For this reason, it was thought that such issues could be approached with corrective ad hoc policies, preferably with end-of-pipe technologies. During the 1980s, however, global ocean contamination, ozone layer and forest depletion, and the lack of sanitary drinking water increased the plausible suspicion that we were creating still other problems, such as planetary climate change and the chemical contamination. At that point, environmental issues became seen as systemic and it was held that the economic system, because of its incompatibility with ecological balance, needed to be transformed.

Our Common Future, the report of the World Commission on Environment and Development, presented in 1987 and better known as the Brundtland Report (BR),¹ is a landmark, not only because it represents the first institutional backing of the concept of sustainable development (SD), but because of its endorsement by the United Nations. The diagnosis of

1. The report is popularly known by this name because Gro Harlem Brundtland, Norway's Minister of the Environment (she later became Prime Minister of Norway) presided over the commission that drafted the document.

the BR is definitive and categorical: “We are unanimous in our conviction that the security, well-being, and very survival of the planet depend on such changes, now” (WCED 1987, 38).

SD as an economic issue has generated much debate, largely determined by the paradigm of orthodox economics, which generally equates economic growth with an increase in well-being and with full employment, and which therefore sees sustained development as both necessary and good. A high level of economic development is thus seen as the proof of any government’s successful economic management because it guarantees an improvement of social well-being. This argument is especially relevant in the case of developing countries with high levels of poverty, malnutrition, and infant mortality. It is thus a high priority for the system to defend the compatibility, and even necessity, of unlimited development with ecological balance, the notion behind the hypothesis known as the Kuznets curve (Organisation for Economic Co-operation and Development [hereafter OECD] 1997, 26). This viewpoint stands in contrast with that of those who see the current economic model itself as not only the cause of global environmental deterioration, but as playing a primary role in many of the evils (war, inequality, and poverty) that plague humanity. For its critics, SD is an oxymoron (Sachs 1999, chap. 5). From their standpoint, economic development as it has been conceived and advocated in recent decades is something that itself impedes SD.

The debate over SD, along with the subsequent manipulations of that debate, has not only influenced development economics, but has also determined the form that cooperative development policies have taken among the countries of the North, while serving as an obstacle for the adoption of international agreements regarding environmental issues. Such international cooperation is indispensable for addressing global environmental problems such as climate change.

There is a broad range of interpretations regarding SD, although the BR version currently enjoys the widest degree of acceptance. The present chapter seeks to analyze, on the basis of the BR premises, three approaches to the concept of SD: the two dominant versions (the theory of the sustainable development triangle and the theory of dematerialization) and one emerging current—sustainable degrowth and concludes with a discussion of the economic implications for development economics.

Sustainable Development According to the Brundtland Report

During the 1960s the environmental problems resulting from economic development first became clearly evident, and a number of remedies were proposed. In 1972, the Club of Rome published its first report under the title *The Limits to Growth*, commonly known as the Meadows Report, which was presented at the first UN Conference on the Human Environment, held in Stockholm in 1972. Among its proposals, the report made the case for zero growth in developing countries as a response to environmental deterioration and the shortage of planetary resources (Meadows et al. 1972). The work was hugely popular, with millions of copies sold in various languages. Perhaps for this reason, and because the proposal constituted a frontal attack on the philosophical underpinnings of the capitalist economic system, it was bitterly criticized by orthodox economists, who believed capitalism could not survive without unlimited development.

In the face of the criticism of this report, the Club of Rome issued a second, more moderate, report in 1974 that defended organic development, understood as involving the kind of limited growth that is intrinsic to all living organisms (Mesarovic and Pestel 1974). Since the publication of *The Limits to Growth*, a considerable number of writers have developed concepts that integrate ecological concerns with economics. Among these concepts are eco-development (Sachs 1981), intensive development (Ryzhkov 1986), and various versions of SD.

The debate regarding SD was almost exclusively limited to the scholarly literature until the publication of the Brundtland Report, which defined SD as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (54). This interpretation of SD became popular, and was used as a common frame of reference, even though this apparent common ground tended to mask clear differences from other elaborations of the concept, as well as between different versions of SD and the report. David Pearce and Anil Markandya researched differences in the development of the concept, noting that in some cases the ideas developed had nothing to do with sustainability (1989, 43–44).

It is possible that the BR’s concept of SD was so widely accepted because it was so generic, although it must be said in its favor that it includes highly important features such as the meeting of the essential needs of the entire global population and environmental protection. Nevertheless, such a truncated definition must necessarily be highly general

and, therefore, susceptible to multiple interpretations, even though the most important interpretations (i.e., in terms of those receiving institutional support) are entirely illegitimate.

In an attempt to eliminate the ambiguity of such a generic definition, the BR found it necessary to clarify it with a text that defined SD's two underlying principles. SD, the report said, "contains within it two key concepts: the concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given; and the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs" (54).

The first concept explains that, when reference is made to meeting needs, this means essential needs. Because such needs have not been met for the majority of the world's population (mainly those residing in developing countries), those drafting the report found it necessary to add that "Meeting essential needs depends in part on achieving full growth potential" (55). But growth in and of itself is not enough. It is only "part" of the solution—the economic part. The other aspects of the problem have to do with the "state of technology" (insufficient technological development) and the social dimension (the need to address the evils of a "social organization" resulting in an enormously uneven distribution of income). Both of these limitations must be overcome, the report contends, in order to maintain "the environment's ability to meet present and future needs" (54).

In spite of these attempted clarifications, technological obstacles continue to be vaguely defined. It is clear that a deficient social organization (the kind that prevails in most nations of the world, especially in developing nations) results in a highly inequitable income distribution. On the other hand, the clarifying statement might lead one to think that, once problems with respect to "technological development" have been resolved, there will no longer be limits regarding the availability of resources. For this reason, the BR later specifies the scope of technological development when it states that such development cannot be allowed to exceed the limited availability of resources. Such would be the case "for the use of energy, materials, water, and land" (55).

In addition, the BR contains other conceptual clarifications and prescriptions. For instance, "sustainability" refers only to the ecological dimension. This premise appears repeatedly and forms part of the conclusion of chapter 2: "sustainable development requires . . . a production

system that respects the obligation to preserve the ecological base for development” (74). The report frequently employs the term “development and protection of the environment” and is very clear about what it considers as constituting development: “The satisfaction of human needs and aspirations is the major objective of development” (54). This was the idea expressed at the Rio Summit as well. Principal 4 of the Rio declaration states: “In order to achieve sustainable development, environmental protection shall constitute an integral part of the development process” (United Nations Conference on Environment and Development 1992).

The sustainability requirement is an unavoidable aspect of development and therefore necessitates that a change be made in the regnant model. This is reflected in the BR’s dramatic “Call for Action”: “Attempts to maintain social and ecological stability through old approaches to development and environmental protection will increase instability. Security must be sought through change We are unanimous in our conviction that the security, well-being, and very survival of the planet depend on such changes, now” (37–38). The elimination of dangers that threaten the very survival of the planet makes a change in policy and philosophy an absolute priority. Thus, the environmental dimension of economic development is of vital importance. Finally, in order to transform the development model, it is necessary to implement strategic planning of the required transformations. In the words of the report, “a broad strategic framework for achieving it” is necessary (54).

To summarize, the concept of SD in the BR does not advocate unlimited development, but rather only the development that is necessary to meet essential needs. In addition, development in and of itself is not sufficient to meet essential needs. It is also necessary to guarantee a more equitable distribution of income. Technological development, while by no means a panacea, is also important. Sustainability refers exclusively to the environmental dimension, which is of critical importance because survival itself is at stake. A radical transformation of the current model of production and consumption is vital in order to achieve sustainability, and such a transformation requires strategic planning.

The ambiguity in the BR’s definition of SD has led to the proliferation of three hundred explanatory definitions. These definitions are in fact “the products of conflicting worldviews, differing ideologies, varied disciplinary backgrounds, opposing knowledge traditions, value systems and vested interests” (European Environment Agency 1997, 21). This situation has led writers such as Sharachchandra M. Lèlè to define SD as “a ‘metafix’

that will unite everybody from the profit-minded industrialist and risk-minimizing subsistence farmer to the equity-seeking social worker, the pollution-concerned or wildlife-loving First Worlder, the growth-maximizing policy maker, the goal-oriented bureaucrat, and therefore, the vote-counting politician” (1991, 613).

Orthodox Interpretations of the Concept of Sustainable Development

The phenomena of ecological deterioration and of exhausting natural resources, which have both resulted from the dominant model of economic development, have led to the proliferation of dramatic calls to action that aim at raising the general level of awareness regarding the gravity of a situation in which man is at odds with the natural environment. Such calls have often been accompanied by radical proposals, as was the case with the Meadows Report. But the controversy that ensued following publication of that document rapidly evaporated following the drastic reduction in consumption of resources beginning in 1973. In fact, the 1973 energy crisis by no means invalidated the conclusions of the Meadows Report, given that its main argument was that acute shortages in natural resources would soon emerge as long as the trend of steadily rising consumption (that had begun during the era of postwar economic expansion) continued. The energy crisis disrupted this trend and for a time put the issue on the backburner. But the end of the crisis once again made the shortage of resources evident. This issue has once again gained momentum, and even global institutions have frequently joined the rising chorus of alarm: “The reckless pursuit of economic growth today might leave our children with a larger inheritance of economic assets, but could seriously deplete environmental resources” (United Nations Environment Programme and the International Energy Agency 2002, 5).

The Theory of the Sustainability Triangle

A large number of international organizations (the European Union [EU], the Organisation for Economic Co-operation and Development [OECD], the World Bank) contend that sustainability refers not only to the environment but to two other dimensions, thus creating a triad of three principal factors that together comprise the notion of sustainability: economic, social, and environmental. This interpretation of SD as an integrated concept that comprises three distinct sustainabilities was presented in World

Bank documents beginning in the early 1990s. The European Council declared that one of its guiding principles was to “promote integration of economic, social and environmental considerations so that they are coherent and mutually reinforce each other by making full use of instruments for better regulation” (2006, 5). In the view of the EU, the three dimensions or sustainabilities have an equal weight or scope.

This interpretation of the concept departs in a number of critical respects from SD as defined in the BR. First, while the BR separates the fields of development (economic and social dimensions) from that of sustainability (the ecological dimension), the notion of a sustainability triangle conceives SD as a generic concept applicable to all three dimensions. Secondly, the introduction of economic sustainability allows such a notion to be associated with all of the desiderata of the dominant system: liberalization, globalization, competition, unlimited growth, and so on. Yet it is precisely these characteristics of the system that have made it unsustainable. There is thus a disregard of the BR’s admonition “to break out of past patterns. Attempts to maintain social and ecological stability through old approaches to development and environmental protection will increase instability. Security must be sought through change” (WCED 1987, 37). Third, while the BR stresses the importance of the ecological dimension (sustainability), the theory of the sustainability triangle actually deemphasizes the ecological aspect as something of secondary importance. Finally, the BR does not include the premise of indefinite growth—especially in the case of rich nations. In its definition of the concept and throughout the report, the BR continually emphasizes that the goal should be meeting essential needs, with growth seen as a means to this end. The growth of rich countries is only mentioned as a possibility to be considered assuming that there is a consideration on their part for the environment, that they allow other countries access to vital resources, and that they assure the future availability of nonrenewable resources. Yet in the theory of the sustainability triangle, unlimited development has become the most important premise of SD.

The theory of the sustainability triangle, by relegating ecological factors to a sphere (the environment) separate from economics, is conducive to a denial that the economy is in large part determined by ecology. The theory thus preserves the traditional status of economics as an independent science that bears no relation to other sciences. In addition, the theory integrates central elements of the most orthodox interpretation of the capitalist system, and thus closely associates itself with this system. It

implies that no special attention need be paid to environmental sustainability. In other words, even though there is a pretext of including the environmental dimension within the theory, such a dimension is merely one consideration among the multiple socioeconomic aspects that have traditionally been the central focus of societies.

Yet any attempt to define economic or social sustainability independently from biophysical surroundings is condemned to failure. The quest to define sophisticated constellations of socioeconomic sustainability requirements may lead to the attainment of developed societies with a high degree of social integration, yet such societies are doomed to collapse as a result of the deterioration of the biophysical medium within which they exist. This position ignores such pressing problems as the potential short-term collapse resulting from reaching the maximum global level of petroleum extraction. Meanwhile, the notion of the sustainability triangle has been introduced without any prior analysis of what is to be understood by economic and social sustainability, or even on the basis of a consensus regarding the need to introduce these concepts.

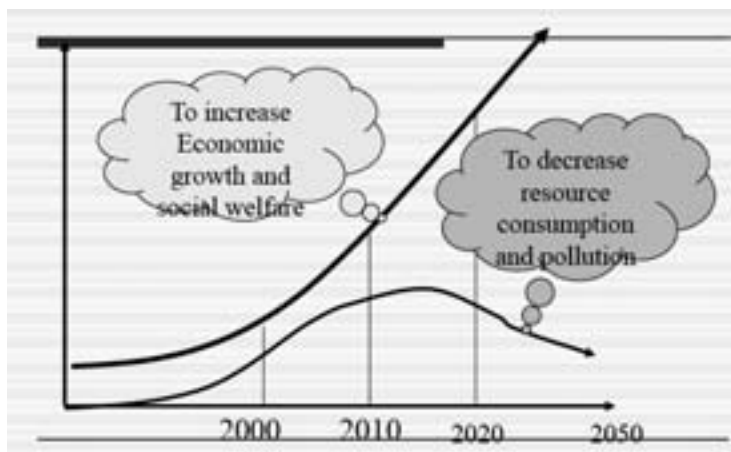
The lack of a clear definition of what SD means, and of its repercussions in all of the different spheres, gives rise to a high degree of terminological and conceptual confusion. We now see traditional policies being defended on the basis of a concern for SD. For example, one study of SD in Germany conducted by the OECD showed that the Ministry of Finance had utilized the concept in order to describe the long-term goal of eliminating the budget deficit, while the Ministry of Labor and Social Affairs had used it to define the security of the pension system or the availability of social capital. It is therefore not surprising that those who conducted the interviews for the study find that “sometimes even public servants who are professionally confronted with sustainability had no clear idea of how to operationalise this concept for concrete policy making” (Jänicke et al. 2001, 10).

We can thus see that the fraudulent and abusive use of the concept of sustainability that arises from its application to all kinds of social and economic conditions leads to a term that ceases to be functional, and that the initial goal of integrating the environmental variable has foundered in a sea of “(un)sustainabilities.” This situation is the result of a defensive reaction of those in positions of power who, when required to integrate the environmental variable in their decision-making processes, take steps to vitiate its transformational character and thus make its integration conditional on the acceptance of the bases of the dominant economic system.

The Theory of Dematerialization

Public institutions that are reluctant to adopt transformative policies required by such pressing problems as climate change or the exhausting of natural resources have resorted to a theoretical framework that supposedly allows them to respond to such problems without having to renounce unlimited development and free-market economics. The theoretical framework that apparently satisfies such premises is that of the *dematerialization of growth*, or *the decoupling of growth from its physical basis* (Herman et al. 1990). From this perspective, it would be desirable to try to continue to grow in unlimited fashion while at the same time reducing the consumption of resources and any adverse impact on the environment, as shown in figure 1.1.

Figure 1.1. Theory of economic growth with dematerialization.



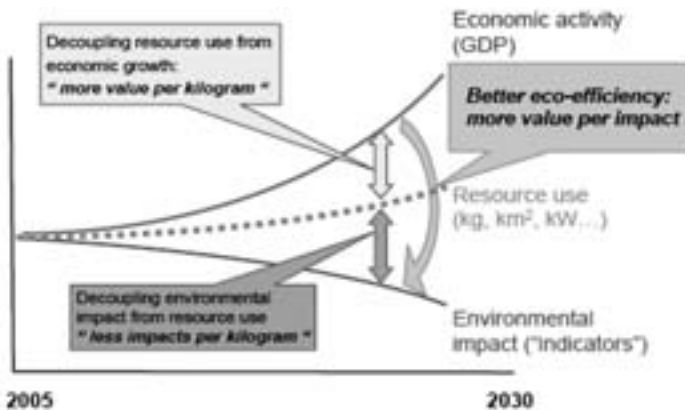
Source: Tongji University, www.pmpp.cn.

This is a theory that has been embraced by both the OECD and the EU. *Environmental Strategy for the First Decade of the Twenty-first Century*, published by the OECD, establishes decoupling as one of its objectives (OECD 2001). The EU has meanwhile made multiple references to decoupling. Two examples will suffice to give a sense of the typical tenor of EU statements in this regard. The European Commission stated that “Decoupling environmental degradation from economic growth is a central theme of the EU Sustainable Development Strategy” (2003, 14). Similarly, the first “key objective” of the revised SD strategy is to “prevent and

reduce environmental pollution and promote sustainable consumption and production to break the link between economic growth and environmental degradation” (European Council 2006, 3).

Yet these EU texts give the impression of a broad-based consensus that does not exist in reality, because they represent two different kinds of dematerialization or decoupling. One of these is (the previously described) “absolute dematerialization.” The other is “relative dematerialization” and refers to a more efficient use of resources that aims at increasing the commercial value created by each physical unit of resource that is employed. This latter version is frequently preferred, because it is more compatible with the dominant paradigm of unlimited development. In fact, statistical data demonstrate a steady advance in efficiency. Yet the importance of such statistics is overestimated because they do not take into account the relocation of a large part of heavy industries from the most industrialized countries to emerging countries. Thus, for example, the energy invested in the manufacture of imported metals does not figure in consumption on the part of the importer. In any case, an increase in efficiency does not absolutely guarantee dematerialization. Figure 1.2 shows that an increase in efficiency does not in and of itself lead to dematerialization, because the consumption of resources grows despite the application of measures aimed at improving efficiency, and such measures are not capable of compensating demands resulting from a higher growth of GDP. On the contrary, the dematerialization curve shows a clear decline in the consumption of resources, and in environmental impact.

Figure 1.2. Absolute and relative decoupling.



Source: Bringezu (2006, 8).

Dematerialization of growth (or of absolute decoupling) represents an approach that is conceptually more accurate than that of zero growth proposals. Dematerialization assumes that unsustainability occurs due to the degradation of the biophysical basis of the economy, and that this problem needs to be addressed directly by drastically reducing environmental impact and conserving resources, while there might be zero growth together with an increase in environmental impact.

Nevertheless, there are flagrant contradictions between the theory of dematerialization and the sustainability triangle theory. As is typical, fallacies have been employed to resolve these contradictions. Dematerialization is presented as involving environmental sustainability in a way that would not be inconsistent in principle with the theory of the sustainability triangle. Yet such an approach is incorrect, because the latter involves two different dimensions (the ecological and the economic). Moreover, the former determines the latter, because it is expressed as a necessary condition for growth to be able to continue indefinitely, as is clearly shown in the previous figure. We therefore find ourselves faced with a bidimensional concept (where economic and environmental dimensions are present), but it is the second of these that is decisive. Unlimited growth of an economic product (when it is possible) can only occur when it is accompanied by a decreasing pressure on the environment, at least in the initial phase, so that the pressure can later be stabilized. The theory of dematerialization thus coincides with the BR's sustainability concept, in that it identifies sustainability with the ecological dimension, and in that this is what determines the economic dimension. By contrast, its defense of unlimited growth is not consistent with the BR, nor is its failure to take account of the social dimension (the goal of meeting essential needs).

From the conceptual point of view, the absolute dematerialization of growth, while formally coherent, is not necessarily possible in practice. Those in positions of power defend it on the basis of three arguments: it is necessary to grow in order to be able to invest in environmental protection, the outsourcing of the economy contributes to dematerialization, and the dematerializing power of scientific and technical advances.

The theory of a positive feedback loop between economic development and environmental protection is frequently defended, with the mechanism supposedly working as follows: Although environmental degradation is an inevitable consequence of growth in the early phases of economic development, once a certain level of per capita income has been attained, economic growth goes from being the cause to becoming

the solution of environmental degradation, given that an increase in a society's wealth allows a greater investment in environmental protection. This theory, known as the environmental Kuznets curve hypothesis, has been defended for some twenty years, and is confirmed on the basis of the correlation observed in some countries between increase in per capita income and a decrease in environmental impact.

In many cases, however, it has been shown that behind this supposed dematerialization lie the processes of the outsourcing and relocation of the contamination, or that it applies only in reference to certain contaminants.² The theory of the outsourcing process is premised upon an undeniable historical process that has shown that, in its initial phase, industrialization of economic activity moves from agriculture to industry, and thereafter to services, until reaching the current situation in which industrialization is responsible for the vast majority of economic output and employment in the economies of industrialized nations. As regards the environmental Kuznets curve hypothesis, the argument goes that, while the first movement creates an adverse environmental impact, the second movement reduces this impact. In reality, the increasing importance of the outsourcing sector in the GDB is due to a very debatable distribution of activities among the different economic sectors. Over the course of time, the first and second sectors have been stripped of functions that they historically held and that gave them their identity within the economy.

In fact, there has been an externalization of activities that has resulted in the growth of the service sector at the expense of the other sectors. In addition, recent decades have witnessed the phenomenon of more developed countries attempting to reduce costs by relocating certain activities to other countries. Secondly, the dematerialization that has taken place in the service sector is highly debatable. Many studies have demythologized the dematerializing character of the service sector. Jesper Jespersen (1999) studies the relative energy consumption of different economic sectors and finds that there was no significant difference in consumption between the private service sector and the secondary sector. Finally, an increase in the consumption of services does not lead to a decrease in disposable goods. Instead, the service sector experiences growth once a high consumption of goods has been attained.

2. Dinda (2004) offers a comprehensive review of distinct viewpoints regarding the environmental Kuznets curve hypothesis.

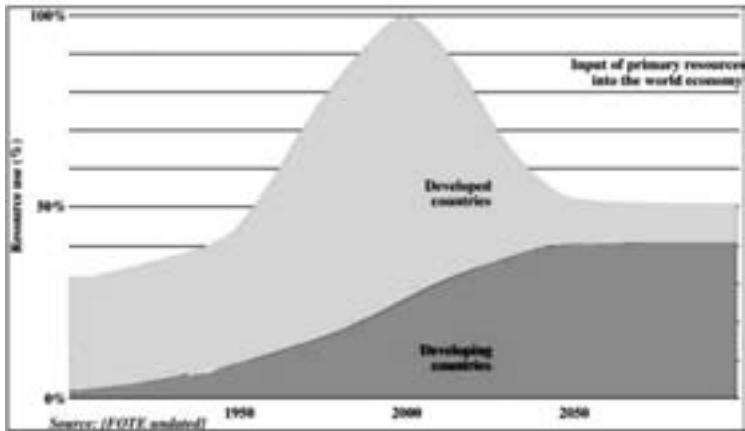
Advocates of “environmentalism of the poor” (Martínez-Alier 2008) also criticize the environmental Kuznets curve. They emphasize the active role of the most disadvantaged communities with respect to the protection and rational management of the natural resources that are essential to their survival, and prioritize the activities involved in this role over and above economic growth. Some recent examples include the opposition to genetically modified organisms in Latin America, and the movement to protect Yasuní Park in Ecuador.

The dematerialization proposal that allows those who uphold the status quo of the reigning paradigm to defend the notion of a planet of inexhaustible resources depends to a great extent on technology. At first glance, the argument that technological development is a dematerializing force appears to be well founded. Yet on further inspection we see that the dematerializing potential of technology is inherently limited. What can be justly argued is that it is possible to achieve a significant degree of dematerialization if the most efficient technologies that exist in the market are intensively applied and if, at the same time, the patterns of consumption having the highest impact are modified.

On the other hand, some scientists (i.e., members of the Factor 10 Club) have reached the conclusion that, on a global level, it is necessary to cut in half both the use of materials (including energy materials) and the present level of adverse impact on the environment. Taking into account the universal right to meet one’s basic needs, and starting from the assumption that 20 percent of the population is responsible for 80 percent of the flow of materials (an assumption that is becoming increasingly less valid, especially with the recent emergence of China and India), a 90 percent reduction in both emissions and the consumption of materials and energy on the part of industrialized nations will be required in the future (figure 1.3). This novel vision of dematerialization raises the question of the distribution of resources, an issue generally ignored in the contributions of institutions such as the OECD and the EU. Figure 1.3 depicts the evolution of consumption of resources of developed countries and in the rest of the world that would be necessary to attain factor of ten. The founding manifesto of the Factor 10 Club recommends that governments attempt to achieve a rather less ambitious goal: increasing the productivity of resources by the aforementioned factor in one generation (thirty-five years). This goal would mean a 4.5 percent annual increase in the productivity of materials, and a 3 percent annual increase in the productivity of energy (Kuhndt and Liedtke 2000). If we estimate an annual

economic growth of 3 percent, at the end of thirty-five years, the economic product will more or less triple and, even if the increase in productivity matches what has been indicated above, consumption of materials would only decrease at an annual rate of 1.5 percent.

Figure 1.3. The path to sustainable development.



Source: Ayres (2008, 289).

In order to achieve dematerialization within the context of high economic growth, a sharp and sustained increase in the productivity and efficiency of resource use would be necessary. At the outset, the intensive application of the best existing technologies, together with a rapid improvement in consumption patterns, could lead to an absolute decoupling. Speed is of the essence in this regard, because continual development tends to erase the gains made as a result of greater efficiency. For example, an average economic growth of 3.5 percent is multiplied by thirty-two every one hundred years. Except for periods of crisis, the world economy has grown at an average annual rate of more than 4 percent. The most efficient technologies constitute a technological stock that has been accumulated during the course of many years, and that has not yet been properly exploited. Once these technologies are massively applied, there will remain only the flow of new technologies, which will doubtless be unable to sustain the dematerializing tendency. In addition, the *rebound effect* or Jevons paradox makes any advances in technological development relative. In this regard, it has been demonstrated that when consum-

ers apply more efficient techniques, they reduce expenses on resources and therefore have more disposable income, which they then utilize to increase their levels of general consumption.

This all leads to the conclusion that absolute economic dematerialization is only possible if, following a massive technological transformation and a reduction in levels of consumption, the OECD's favored economy becomes stagnant. Other countries would then follow suit to the extent that they can achieve similar levels of economic development. This view of dematerialization is one of the premises that underpin a new current of thought that we will now explore: sustainable degrowth.

The Alternative of Sustainable Degrowth

The notion of degrowth has emerged recently from the ranks of social movements, and is an example of the vigor of the worldwide anticapitalist movement, which has gained strength as a result of the adverse economic, social, and environmental impacts of liberalization. This movement emerged as an argument for resolving the crisis of the mid 1980s. It remains a paradox that, once the crisis in question was past, economic development continued to be seen as a global panacea—not merely for economic ills, but for social and environmental maladies as well. The term “degrowth” represents a provocation (a slogan or *word bomb*) in societies that have bought into the idea of unlimited growth, and its goal is to incite debate regarding the necessity to create self-centered economies that live off of their own resources in a sustainable manner (Martinez-Alier 2008).

The term, therefore, is far from being the label of an alternative to the dominant system, and it by no means represents any kind of consensus on the part of social movements. The idea of degrowth is at its most controversial when it is analyzed from the standpoint of poor countries, which require a growth of their gross domestic product in order to address the needs of a rapidly growing population that lacks essential needs and that lack highly dematerializing technologies (Latouche 2008). For this reason, Martínez-Alier (2008) has argued (in a paper presented at the first Degrowth Conference, held in Paris in April, 2008) that the term “sustainable degrowth” be understood as “socially sustainable economic degrowth.” Martínez-Alier offers the concept of sustainable degrowth as a counterpoint to sustainable growth in the orthodox sense of the term given that, as we saw earlier, the latter notion implies a greater consumption of resources in absolute terms, as well as an adverse impact on the

environment as a byproduct of the increased growth and consumption. Sustainable degrowth is defined as an equitable reduction in the levels of production and consumption that allows the increase of human well-being and the improvement of ecological conditions at both the local and global level, and in both the short and long term (Schneider, Kallis and Martinez-Alier 2010).

A large number of indicators show that many countries passed a limit during the 1970s beyond which an increase in the GNI no longer bore any direct relation to an increase in the quality of life (Cobb and Cobb 1994). Given the fact that the scale of the economy has exceeded the limits of nature, it is necessary for the economy to decelerate in physical terms. What this means practically is that it is necessary to reduce indicators related to the consumption of resources and the generation of waste. Such change is necessary, essentially, because both the economic system and social development are determined by biophysical limits, and sustainability is threatened by the destruction of the planetary ecosystem and the exhausting of the natural resources that sustain our lives.

Yet this in itself is not enough. Consumption on a finite planet is exclusive in nature, in both intragenerational and intergenerational terms. What this means is that an increase in consumption in the developed countries reduces the quantity of resources available for developing countries and for future generations. For this reason, the burden of degrowth must necessarily fall on developed societies, so that their deceleration allows a simultaneous reduction in the size of the global economy and the development of societies that currently do not meet their basic needs. In addition, reversing the pattern of the present situation would contribute to reducing the ecological debt contracted by the most developed countries, and would allow these resources to serve as a guarantee of the basic needs of the nations of the South (Hoyos 2004).

Within the context of an opulent Western society, degrowth should not be seen as implying any reduction in the current state of well-being, but rather as an opportunity to actually enhance well-being. This of course requires understanding “well-being” as a qualitative rather than a quantitative concept (namely, in terms of placing a relatively greater value on leisure time, human relations, equity, justice, and spirituality and not in terms of a never-ending accumulation of material goods). All of this would have to occur within the context of a self-limiting society (a society capable of maintaining itself at an intermediate level of economic output)

or, in the words of Wolfgang Sachs, “a society that is able not to want what it would in fact be capable of providing” (1999, 89).

In the final analysis, sustainable degrowth is a model for transitioning to a stagnant state in which the physical scale of the economy is maintained at a level in accordance with its natural limits, and that allows all of humanity to meet its basic needs in an equitable manner (Kerschner 2010). In addition, taking into consideration the lack of resources, as well as the impact associated with their extraction and use, it is necessary for the economy to undergo two fundamental transformations: halting flows of materials and using solar energy.

Implications for Development Economics and for Developmental Cooperation

Development economics has evolved since its origins in the years following World War II, just as the concept of development itself has. Originally conceived as synonymous with economic development alone (an increase in gross national income), development was reformulated in the 1970s after it was proven that economic growth per se was not able to guarantee an improvement in the actual living conditions of human beings. Later reformulations of the term introduced the social dimension for the express purpose of assuring that economic development was accompanied by social policies that guaranteed a more equitable distribution of income. The incorporation of the environmental dimension following the publication of the BR in the late 1980s was in effect a tacit recognition of the existence of biophysical limits to economic growth. In addition, the report specified that the model of Western development could not be applied to the rest of the world, if the goal was to preserve the earth’s natural heritage.

The liberal promise that economic growth would bring with it benefits for the entire planet has not only been demonstrated to be false, given the increase in inequality between the countries of the North and the South, but actually impossible, because if all of the world’s countries followed the path of the industrialized countries, six planets would be necessary to provide the natural resources required for, and bear the burden of the waste generated by such “economic progress.” The economic development of industrialized countries is thus an asset that depends on their geographical location, since neither the resources nor the capacity of the planet to bear such development are sufficient to allow the reproduction

of this model on a global scale. Social inequality and ecological deterioration have without a doubt been the most decisive blows that have been dealt to the era of development initiated during the U.S. presidency of Harry S. Truman.³

The fraudulent and abusive use of the SD concept by those who have employed orthodox interpretations of the terms is the result of a defensive reaction of the dominant economic system that is conscious of the transformational nature of an acceptance to limits on growth. The current economic model cannot be maintained indefinitely over the course of time, much less applied to the nations of the South. In other words, the opulent lifestyle of the North is oligarchic by its very nature. On the contrary, it is necessary for the North to significantly reduce the environmental burden of the nations of the South, and to make good on an ecological debt that it has accumulated as a result of the overuse of the biosphere's carrying capacity. The notion of sustainable degrowth is thus a transitional model toward a stagnant state in which the physical scale of the economy would be maintained at environmentally tolerable levels, and the world economic system would guarantee that the basic needs of humanity as a whole are met in an equitable manner.

Developmental cooperation should also not be something that is alien to the evolution of the concept of development. In order to assure that this does not happen, it is essential that it lose its charitable nature and that it instead recover its transformational character, internalizing the theoretical framework of ecological economics and embracing an understanding of human development and sustainability as concepts that are inextricably intertwined. From this perspective, developmental cooperation should prioritize the creation of models of production and consumption that are sustainable through the implementation of distinct measures, such as the development of industrial ecosystems, support for ecological agriculture, the continued development of renewable energy, and the stimulation of sustainable mobility. Actions such as these will help assure a truly sustainable development of planet Earth, and the survival of those who inhabit it.

3. In his inaugural address on January 20, 1949, Harry S. Truman said: "We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas. . . . The old imperialism—exploitation for foreign profit—has no place in our plans. What we envisage is a program of development based on the concepts of democratic fair-dealing."

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Ecological Debt and Energy Model Change for Environmental Justice

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Translated by Jennifer R. Ottman

What Is the Problem?

Physics textbooks tell us that energy is a system's capacity for work. Today, with the arrival of so-called peak oil and of peak moments for other energy resources such as natural gas and uranium, we talk about an energy crisis in order to underline the difficulty of obtaining new sources adequate to the growing demands of our societies.

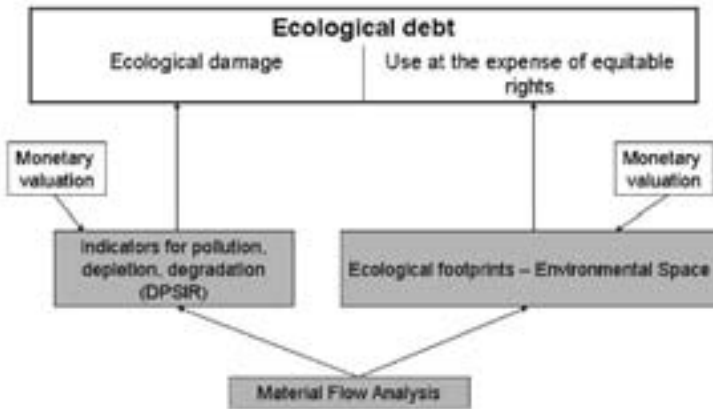
As living beings, we have energy needs (food, shelter), known as endosomatic needs, that we cannot neglect, but excessive exosomatic consumption is causing climate change due to increasing and unsustainable greenhouse-gas emissions. In negotiations leading up to the United Nations Climate Change Conference in Copenhagen (December 2009), a significant reduction in CO₂ emissions was proposed. Nevertheless, the summit concluded without a clear plan due to the divergent viewpoints of rich and poor countries. By studying the accumulated ecological debt, development cooperation can contribute to the acknowledgment of our shared but differentiated responsibility for climate change and to the specification of that responsibility in concrete terms, enabling us to overcome the current international stalemate on this issue.

In contrast to the fatalism that neither believes in nor seeks an alternative, development cooperation can also offer a new energy model based

on the only sustainable energy flow available, solar energy, which can satisfy humanity's energy needs without generating new ecological debt.

The concept of ecological debt originated in the contributions made by popular movements, specifically the Instituto de Ecología Política (Political Ecology Institute) in Chile, during the Rio Summit (1992). Since then, it has spread to other areas and migrated from the terrain of associative groups and social movements to academic and institutional spheres—a reverse trend compared to related concepts such as the “ecological footprint” (Wackernagel and Rees 1996) and “environmental space” (Spangenberg 1995), which were born in university research circles and subsequently popularized and institutionalized through publications and the media.

Figure 2.1. Ecological debt and environmental indicators.



Source: Paredis et al. (2004, 62).

While debate about the concept continues (Paredis et al. 2004; Martínez Alier 2004), ecological debt is the obligation contracted by countries that have grown rich as a consequence of their continuous plundering of the natural resources of countries made poor, unequal commercial exchange with these countries, and exclusive exploitation of the global environmental space as a dumping ground for their waste (see figure 2.1). In this way, sustainability and development, environmental justice and equity, come together to support the call for acknowledgment of ecological debt. Although there are a variety of mechanisms that generate ecological debt, here we focus on energy-related issues, emphasizing carbon

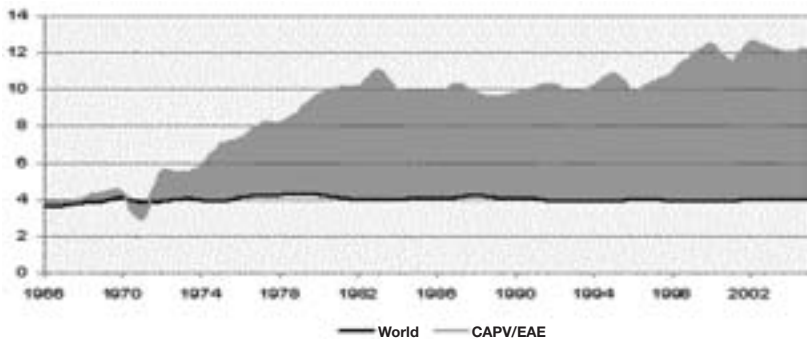
debt and the environmental liabilities derived from energy extraction, transport, and use.

Carbon Debt in the Autonomous Community of the Basque Country

Industrialized countries' exclusive exploitation of the global environmental space as a dumping ground for their waste has created an ecological debt—the carbon debt—far larger than the financial debt they claim to be owed. Likewise, Basque society, by appropriating for itself a global environmental space larger than the one it is proportionately due, has also become a net carbon debtor.

The point of departure for calculating an excess of atmospheric CO₂ emissions is the natural absorption capacity of the planet's carbon sinks. While the earth's capacity to absorb CO₂ is variable, David Hoyos takes as the critical level the capacity corresponding to 1990, reckoned as 3.35 billion tons of carbon (equivalent to 12.4 gigatons of CO₂) by the Intergovernmental Panel for Climate Change (IPCC). Consequently, carbon debt began to accumulate in 1967, at the point when world carbon emissions began to exceed the absorption capacity of the planet's natural sinks. From then on, to the extent that the emissions per capita recorded in the Comunidad Autónoma del País Vasco/Euskal Autonomia Erkidegoa (CAPV/EAE, Autonomous Community of the Basque Country) have exceeded the world average, Basque society has become a global ecological debtor.

Figure 2.2. CO₂ emissions (in tons) per capita in CAPV/EAE and the world, 1966–2005.



Source: Based on data from the World Resource Institute and the Departamento de Ordenación del Territorio y Medio Ambiente del Gobierno Vasco.

Estimates found in international publications assign an average value of approximately ten euros (about thirteen dollars at the September 2010 exchange rate) per ton of CO₂, even if the deviations from this average are wide (IPCC 2007a). In any event, it is important to keep in mind that these results generally underestimate costs for future damage because they cannot include unquantifiable impacts (Yohe et al. 2007).

The amount of our carbon debt, then, will be the product of the excess of carbon emissions multiplied by the socio-environmental cost per ton, ten euros. By this calculation, the world's accumulated carbon debt would be 3 trillion euros (3million millions, or roughly \$5 trillion) in 2005, with the CAPV/EAE owing an estimated 5.348 billion euros (or nearly \$7 billion, 9.29 percent of GDP). Table 2.1 shows the evolution of the Basque carbon debt, which is growing at a rate of more than 200 million euros (over \$250 million) a year (0.38 percent of GDP).

Table 2.1. The evolution of Basque carbon debt.

	Ecological debt (millions of euros)	Accumulated debt (millions of euros)
1970	23	64
1975	82	299
1980	148	887
1985	156	1,701
1990	156	2,490
1995	183	3,330
2000	217	4,271
2001	201	4,473
2002	224	4,697
2003	217	4,914
2004	215	5,129
2005	219	5,348

Source: Hoyos (2009).

The CAPV/EAE is thus responsible for exploiting the natural, human, and financial resources of poor countries, since its carbon debt exceeds 200 million euros a year and amounted to 5.348 billion euros in 2005, 9.29 percent of GDP.

Strengths and Weaknesses of the Concept of Ecological Debt

It is not easy to put a value on the ecological debt as a whole. Many cases of environmental damage date from the colonial era, making it impossible to quantify every case. One should first distinguish between mechanisms that generate this debt—plundering of resources, unjust commercial exchange, and abusive exploitation of the global environmental space—and this debt's components. These include: the carbon debt acquired by the industrialized countries as a result of their disproportionate pollution of the atmosphere with greenhouse gases; biopiracy or the intellectual appropriation for commercial purposes of local and indigenous knowledge and wisdom; the exportation of environmental wastes, liabilities, and externalities; or the loss of food sovereignty.

Then, the complexity of the relationships between ecosystems and human society makes it difficult to precisely determine the consequences of a particular instance of environmental damage. Contaminants are passed on and accumulated up the food chain, and the numerous factors that increase risk sometimes interact with one another, often with long-term effects. It is therefore difficult to isolate the effect of each individual contaminant and establish a linear relationship of cause and effect.

Furthermore, a monetary valuation leaves out many other aspects of these losses that cannot be expressed in economic terms. In addition, these estimates are debatable because they depend on income (the death of a professional is more expensive than the death of a clerical worker). Nevertheless, in business and institutional circles speaking in quantitative and monetary terms may prove to be more effective. Besides, monetary valuation of environmental damage is useful legally: monetary compensation for damage may be the only way for victims at least receive something and the responsible party is punished, as well as providing a preventive or dissuasive incentive that might motivate companies to take precautions in order to reduce the risk of accidents.

Monetary quantification is not the only way to put a value on ecological debt: physical quantification methods can and should be preferred. The flow of materials is not a direct indicator of pollution (a gram of mercury pollutes more than a ton of iron), but it can give an idea of an economy's physical dimensions. Using this approach, while from a monetary perspective European imports are approximately equal to exports, by weight Europe imports approximately four times more than it exports. Moreover, European exports are much more expensive than European

imports. Therefore, the countries of the South, because of poverty and foreign debt, have an incentive to sell increasing quantities of primary products (fossil fuels, metals, minerals) that produce a great deal of pollution and little wealth in the place of extraction and processing, while the countries of the North specialize in finished products, which are more expensive and less polluting.

In this regard, ecological debt can be an effective conceptual tool for discussing injustice in global North-South relations and trying to obtain *acknowledgment* of the imbalance in the use of natural resources and in the pollution produced, with the help of indicators such as carrying capacity, environmental space, and ecological footprint, that present in a concise form the unsustainability of our model of production and consumption; *prevention* or the implementation of environmental and economic policies that prevent the creation of new debt and design a regulatory framework that reduces ecosystem exhaustion and aims at the disappearance of the social and environmental damage inflicted; *reparation*, both monetary and political, for the debt acquired, on the assumption that a large part of the social and environmental deterioration produced cannot be undone; and *compensation* to the extent possible for the debt already created and abolition of foreign debt. This entails readiness to pay for acknowledged abusive or improper use and readiness to accept such compensation.

In this way, ecological debt responds in a comprehensive way to the model of capitalist globalization. It includes both equity and ecology, offering an intergenerational and multidisciplinary critique of the dominant system. It is equally useful in terms of international, national, and local policies, international bodies (the World Bank, the International Monetary Fund, the World Trade Organization), transnational companies, and governments—and in questioning our daily way of life in the First World.

Ecological Debt Generated by Transnational Companies: Repsol YPF in Ecuador and Bolivia

Transnational companies are principal actors in the generation of ecological debt, for which we who live in the North share much of the responsibility, through consumption or through the actions of our governments. In the energy sector, the most severe environmental impacts are related to environmental liabilities in places where fossil fuels are extracted, transported, and processed, and to the associated CO₂ emissions. The most pro-

minent Spanish company in this area is Repsol YPF with its subsidiary Gas Natural.¹ Here we briefly outline some information collected by researchers from the Universidad del País Vasco/Euskal Herriko Unibertsitatea (UPV/EHU, University of the Basque Country) and the environmental organization Ekologistak Martxan de Euskal Herria (Ecologists in Action of the Basque Country), in collaboration with Acción Ecológica (Ecological Action) of Ecuador, the Oilwatch watchdog group, and a variety of Bolivian NGOs.

We discuss Repsol YPF's prominent heavy-crude extraction operations in Yasuni National Park, a biosphere reserve deep in the Amazon, on account of their significant environmental repercussions and their impact on indigenous peoples such as the Huaorani. Another interesting case is the extraction of natural gas and the new direction taken by the Bolivian government with the aim of "recovering" control over the country's hydrocarbons, a development met by pressure in the opposite direction from the Spanish government.

The generation of ecological debt can be analyzed in much the same way as cases of environmental injustice: activities that generate debt through environmental liabilities or CO₂ emissions are comprised of aspects related to the distribution of environmental impacts, conditioning of sustainability and development of future capabilities, and those related to acknowledgment of the interest groups implicated and to decision-making procedures (participatory and transparent processes).

Oil-Producing Activity in Ecuador: Repsol YPF

Massive oil extraction in Ecuador began in 1967, when the Texaco-Gulf consortium discovered large hydrocarbon reserves in the northern part of the Amazon. Following ten years of lengthy legal proceedings in US courts, in 2003 a lawsuit was filed against Chevron-Texaco in Ecuador, the "trial of the century," since it was the first time in history that a company from the North has faced environmental charges in a country of the South.

Texaco was accused of dumping more than nineteen billion gallons of wastewater; burning two million cubic meters of gas and oil waste a day, thereby causing greenhouse effects and acid rain; and spilling more

1. Gavalda and Carrión (2007) study the company's impacts in a variety of countries, in contrast to the content of its corporate social responsibility (CSR) reports.

than 16.8 million gallons of crude from the trans-Ecuadorean pipeline (Martínez 2004), exceeding by more than 50 percent the 10.8 million gallons spilled by the Exxon *Valdez* on the Alaskan coast in 1989, where the cleanup cost over \$7 billion. An expert report commissioned by the court assessed the indemnity for the alleged environmental damage caused by the company in the Ecuadorean Amazon at \$27 billion. In response, Chevron-Texaco filed an international arbitration claim against Ecuador in the Permanent Court of Arbitration in The Hague.

In addition to Texaco, numerous other oil companies or consortia have operated and continue to operate in Ecuador, with serious long-term consequences. Health studies carried out by the Censo Nacional de Estadísticas (National Statistical Census) and by Medicus Mundi, among others, demonstrate that in areas with long-lasting oil-producing activity (such as the regions of Sucumbíos and Orellana) there are more cases of cancer; specifically, “Women from communities near oil wells and facilities have a miscarriage risk 2.5 times higher, that is, 150 percent more, than women who live in non-polluted communities” (San Sebastián 2000, 79).

Repsol YPF’s activity in Ecuador is relatively recent. In 1996 the Argentine company YPF (absorbed by Repsol in 2000) bought out Maxus, a company that was operating in Yasuni National Park. The Huaorani community of Guiyero stated in August 2004 that after oil-production had begun, they had to travel several hours to hunt or fish. When they bathed in the Tiptutini River, they came down with a skin rash, and Repsol YPF’s company doctor told them they could not bathe there because it was polluted. For a hunter-gatherer society that lived in harmony with the forest until a few years ago, all this threatened their sustainable way of life, now and in the future. The health service in Coca, the city closest to the tract where Repsol operated, observed that the Huaorani communities suffered especially from gastrointestinal and respiratory disorders and dermatitis, and that these illnesses increased following the company’s arrival. Huaorani women also suffered miscarriages more frequently. The prepared food that the company arranged to provide to the communities did not contribute to making them more capable of carrying out their activities in the future. Moreover, according to statements by people from the community, the agreement they signed with the company was written in English. Given that these are Huaorani-speaking communities that have difficulty expressing themselves in Spanish and have no knowledge

of English, the decision-making process followed could not be characterized as transparent and participatory (Oilwatch 2004).

Unfortunately, the situation has not improved since then, to judge by the information published by members of *Acción Ecológica* (Almeida and Proaño 2007). Following a January 2008 oil spill, which Repsol calculated to be one hundred barrels, while the official inspection by the Ministry of Energy and Mines subsequently came up with a figure of more than two thousand barrels (*El Comercio* 2008), the Huaorani communities declared themselves “in rebellion,” due to the severe effects they suffered, and demanded the remediation of their territory.

Repsol YPF in Bolivia

Repsol YPF’s activities have been criticized for damaging two pillars of Bolivian wealth: the country’s ecosystems and its cultures. Here we focus on the effects on the indigenous Guaraní people of Itika Guasu, in the department of Tarija. In 1996 Repsol YPF started exploiting the Margarita field in the Kaipipendi tract, one of the continent’s most important natural gas reserves, inside the Serranía del Aguaragüe National Park.

The general director for the environment in the Vice-Ministry of Natural Resources and the Environment, Luis Beltrán Reyes, in a personal communication in August 2007, acknowledged numerous instances of legal noncompliance by Repsol YPF during the period in which the prior Hydrocarbon Act, Law No. 1689 of 1996, was in effect. These included failure to issue monitoring reports, presentation of expired environmental licenses, and even failure to present licenses for the company’s projects at all. In one case, permission was given for a well at specified coordinates, and then the activity took place several kilometers away from the approved site. The general director also denounced the failure to consider the sociocultural and environmental impact on the Guaraní in the environmental impact assessments (EIAs) submitted. It attracted Beltrán’s attention that these kinds of very basic irregularities were engaged in by a company like Repsol YPF, with millions of euros in profits and more than capable of producing high-quality reports, taking ameliorative measures, and using less-damaging technologies.

Of course, Repsol YPF’s economic capability stands in contrast to the technological means deployed to minimize environmental effects. In the course of our research, the environmental technician of the Villamontes mayor’s office, Juan Pablo Zamora, told us what happened along the Que-

brada de los Monos River on April 12, 2006: intense rains fed a torrent of water that left the gas pipeline above the level of the riverbed in several places, when it had initially been buried between one and one-and-a-half meters underground. The pipeline itself suffered blows and dents, yet even so, continued operating. However, this was not the case for the (similarly buried) oil pipeline that ran parallel to it. It broke and suffered oil spillage, which was carried by the current and ended up in the Pilcomayo River. The company's official reports affirmed that one thousand barrels of condensate spilled from its Margarita field, but there was no way to verify this, since there was no access to the data. One of Zamora's photos reveals the "cutting-edge technology" applied to prevent more oil from spilling into the river: a bucket tied to the pipeline with a rope.

Medicus Mundi carried out an analysis of petroleum contamination in water sources close to the Alberto, San Antonio, and Campo Margarita wells, habitually used by the nearby communities (Intermon-Oxfam 2004). The results demonstrated that the water was not fit for human consumption according to Spanish and European regulations, although some of the water samples did remain within the permitted contamination limits according to Bolivian regulations. The Guaraní community of Zapaterambia had its water sources contaminated by hydrocarbons at a level several times higher than permitted in Bolivia and the European Union (EU). Likewise, there were high concentrations of lead, mercury, cadmium, and cobalt in the hair of members of the indigenous communities of San Antonio and Tres Pozos, and lead concentrations were of particular concern (Smolders et al. 2003).

According to an environmental study carried out by the affected communities of Itika Guasu, the effects of erosion and deforestation on forest animals and the pollution of surface water have modified how these people acquire their daily food (Asamblea del Pueblo Guaraní de Itika Guasu 2005, 32). As a result, community sustainability and future development have been called into question, endangering their very survival. In addition, they have been affected culturally, and their principles, religion, and cosmovision have not been respected: "There are many Guaraní women in the Original Community Territory [Tierra Comunitaria de Origen, TCO] who today are single mothers, having been abandoned. For a Guaraní man, responsible fatherhood is an important value, which today is put in doubt by the feckless attitude of REPSOL YPF's workers" (Asamblea del Pueblo Guaraní de Itika Guasu 2005, 31).

As far as participation and decision-making are concerned, according to Bolivian legislation, consultative processes should have been implemented. Yet in the EIAs, multiple consultation forms were submitted signed by a single person or by two or three regional officials, making it evident that public hearings were not held (Asamblea del Pueblo Guaraní de Itika Guasu 2005, 40).

Furthermore, Repsol YPF in Bolivia tried to thwart the popular will expressed through an administration that won election with the promise to recover control over the country's hydrocarbons. Oil and gas companies had made huge profits in Bolivia, and at the Third Latin American and Caribbean Gas and Electricity Conference in 2002, Repsol YPF's Roberto Mallea boasted that the oil business in Bolivia was so good that every dollar invested meant ten dollars in earnings (Quiroga 2006). In 2006 the Heroes of the Chaco Act, Law 28701, was approved, by which the Bolivian state recovered ownership of all hydrocarbons at the well-head. Repsol YPF received the news with "consternation." Its president, Antonio Brufau, characterized the nationalization of Bolivian gas and oil as an "unjust" measure because the negotiation period promised by the authorities had not expired and because in his view, it was an issue that had become detached from the political and business logic that ought to guide relations between states and companies (*El Mundo* 2006).

Spanish prime minister José Luis Rodríguez Zapatero indicated that the government position during talks would be firmly in defense of Spanish company and individual interests, while the EU and the US also adopted positions in defense of the transnational companies, instead of supporting the sovereignty of the Bolivian people. These events demonstrated that both Repsol YPF, as well as the Spanish government and the EU, were trying to put obstacles in the way of the Bolivian state's sovereign decision-making with regard to the exploitation of its hydrocarbons.

Almost four years after the approval of the law nationalizing Bolivia's hydrocarbons, companies continue (2010) to operate in Bolivia and to announce new investments. For example, Repsol YPF will invest around four hundred million euros (just over \$500 million) in developing the Caipipendi natural-gas tract (*El País* 2009). This corroborates the large profits that the companies were making before nationalization and the Bolivian people's logical reaction in seeking to recover control over the country's resources.

In a world tremendously dependent on fossil resources and on a vicious cycle that generates more and more ecological debt, we now turn our gaze to renewable sources of energy, with the hope of changing the current energy model and satisfying the world population's basic needs without generating ecological debt.

Can a Sustainable Supply of Energy Guarantee the Welfare of 9.15 Billion People in 2050?

In order to answer this question, we will first analyze the requirements imposed on the future consumption of fossil fuels by the need to respond to climate change; then we will review the estimates for the sustainable potential of renewable primary energy by 2050; and finally, after comparing these results to the current relationship between energy consumption and human development in the world and the most recent trends in this area, we will offer some considerations about the challenges our world will have to confront in the next few decades.

According to the IPCC's Fourth Assessment Report (2007b, 37), in 2005 the concentration of CO₂ in the atmosphere was 379 parts per million (ppm). The atmospheric concentration of CO₂ has increased from 280 ppm in the preindustrial era to 379 ppm in 2005, with an average annual increase during the first decade of the twenty-first century of 1.9 ppm/year. The IPCC has studied a variety of possible scenarios (2007b, 65–67) for the reduction of CO₂ emissions, with their corresponding levels of stabilization of the final concentration and the increases in the planet's average temperature to which they would give rise. Through the United Nations Framework Convention on Climate Change (UNFCCC 2009), the international community has acknowledged the need for the increase in the planet's global temperature to be no more than two degrees Celsius over preindustrial levels. However, the most recent studies (Hansen et al. 2008) emphasize that if humanity wants to preserve the planet in the conditions in which we developed, the paleoclimatic evidence and the current process of global warming suggest that the concentration of CO₂ should be reduced from current levels to somewhere below 350 ppm, at a minimum.

In the IPCC's studies, scenarios that imply a global temperature stabilization between two and four degree Celsius above the levels of the preindustrial era and a CO₂ concentration between 350 and 400 ppm also entail a reduction in the global levels of CO₂ emissions of between 50 and

85 percent with respect to the level of emissions in 2000. Consequently, in order to achieve stabilization at a more demanding level, an 85 percent reduction in emissions will be required. According to IPCC data (2007b, 36), global CO₂ emissions of fossil anthropogenic origin on our planet were 26.5 Gt in 2000. Consequently, an 85 percent reduction in global CO₂ emissions of fossil anthropogenic origin in 2050 would mean global emissions of 3.975 Gt of CO₂ in that year.

In 2004 the population of the most developed countries represented 20 percent of the world population, and their emissions represented 46 percent of the total greenhouse gas emissions (IPCC 2007b, 37). These figures suggest that future reductions in CO₂ emissions cannot affect countries with different per capita levels of emissions in the same way. As the UNFCCC (2009) acknowledges, any emission-reduction scenario must be based on criteria of equity, and the most equitable criterion with regard to the right to emit CO₂ into the atmosphere is one that takes into account the distribution of these rights on the basis of population (per capita emissions). If this equitable per capita distribution is achieved by 2050, taking the United Nations estimate of 9.15 billion inhabitants (United Nations 2008) as our guide to the future world population, we obtain a sustainable level of emissions of 0.43 tons of CO₂ per person per year. Only a sustained reduction in emissions to this per capita level in 2050 would guarantee the stabilization of the atmospheric CO₂ concentration at 350 ppm and an increase in the planet's global temperature of no more than two degrees Celsius above preindustrial levels. This planned reduction in fossil-fuel consumption would also serve to address the inevitable peak extraction of and subsequent decline in fossil resources that we are currently facing (Bentley 2002). Supposing a mixture of fossil energy consumption made up of equal shares of coal, oil, and natural gas, 0.43 tons of CO₂ per capita would be equivalent to a fossil energy consumption of 0.134 tons of petroleum equivalent per capita (TPE/capita) or 5.63 gigajoules per capita (GJ/capita).

Since the turn of the millennium, different authors (de Vries, Hoogwijk, and van Vuuren 2007; Sorensen 1999) and organizations (Nacićenović, Grübler, and McDonald 1998, for the International Institute for Applied Systems Analysis [IIASA] and the World Energy Council [WEC]; the German Advisory Council on Global Change 2004; Greenpeace and the European Renewable Energy Council 2007) have published articles and reports in which they have tried to demonstrate the enormous potential of renewable energy flows to satisfy the human energy demand. While

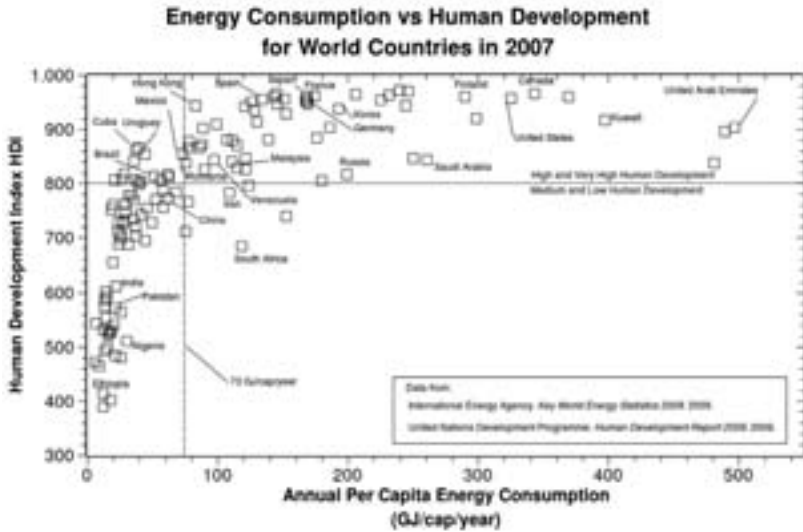
the International Energy Agency (IEA; 2009) calculates that the world supply of primary energy in 2007 was 505 exajoules (EJ) and the world generation of electricity was 19.8 petawatt-hours (PWh), Bert J. M. de Vries, Monique Hoogwijk, and Detlef van Vuuren (2007, 2590) assign an annual world potential of 75–300 EJ to biomass and 200–300 PWh to wind, photovoltaic, and biomass-based electrical generation. Greenpeace and the European Renewable Energy Council (EREC) (2007: 94) estimate that an energy supply from biomass of 105.1 EJ and renewable electrical generation of 21.4 PWh would be feasible by 2050. IIASA/WEC (Nacićenović, Grübler, and McDonald 1998) consider in their most optimistic scenario for 2100 a biomass supply of 317.8 EJ and renewable electrical generation possibly reaching 32.4 PWh. Going even further, Sorensen (1999) proposes two renewable scenarios for 2050 in which the production of biofuels would range between 60.6 and 73.4 EJ a year, and hydroelectric, wind, and photovoltaic renewable electricity would be between 74.7 and 84.8 EJ—without exploiting more than a limited percentage of the enormous total potential, estimated at 271.2 EJ a year for biomass and the astounding figure of 2,185.7 EJ a year (607.14 PWh) for renewable electricity.

The wide range of these estimates of the world's renewable potential stems to a large extent from the different kinds of potential considered—without forgetting the objective complexity of the calculations involved. At times the studies refer to theoretical potential, which is tied to the physical limits of a particular energy flow. Nevertheless, technological and conversion potentials are always lower than theoretical potential and are conditioned by the available technology and other geographical considerations. Economic potential is lower still, as the economic viability of exploitation and the inevitable competition with other uses for land must also be considered. Finally, sustainable potential takes into account sustainability conditions that may limit the previously mentioned potential limits even further.

The German Advisory Council on Global Change (2003, 43–95, 126–30) made an estimate in 2003 of the world renewable sustainable potential—on which the subsequent report by Greenpeace and the EREC (2007) is based—according to which supply could reach 620 EJ a year in 2050. This is a figure that would include at least 120.8 PWh of renewable electricity, distributed as follows: hydroelectricity, 12 EJ; thermoelectric and photovoltaic electricity, 288 EJ; wind electricity, 135 EJ; solar thermal energy, 43 EJ; geothermal energy, 22 EJ; biomass, 105 EJ; and others, 15 EJ. On a planet inhabited by 9.15 billion people, this sustainable renew-

able potential would allow per capita consumption of 67.76 GJ a year. If we add to this figure the consumption of fossil energy compatible with the scenario for reducing CO₂ emissions proposed by the IPCC (5.63 GJ/capita/year in 2050), the total comes to 73.4 GJ/capita/year in 2050.

Figure 2.3. Relation between per capita consumption and the human development index in 2007.



Can an annual per capita consumption of seventy-three GJ guarantee a sufficient level of human development? If we look at figure 2.3, it seems clear that a minimum level of consumption around seventy to eighty GJ is indispensable in order to guarantee a minimum level of development. One study of the relationship between energy consumption and a variety of development indicators notes that “annual consumption of at least 70 GJ/capita thus appears to be a key ingredient—obviously together with effective social organization and with reasonable income distribution—to secure a combination of a high physical quality of life with very good opportunities for intellectual advancement” (Smil 2000, 45). Nevertheless, in the developed world consumption levels are universally higher (and sometimes a great deal so) than these minimums. This often permits high levels of development (in Western Europe, Japan, and North America, for example), although it is no guarantee, as is evident in the case of the large oil producers (in Russia and the Middle East), with high energy consumption and development indexes below nine hundred.

Some countries, however, such as Cuba, Uruguay, Brazil, Mexico, and Romania, are already located in the quadrant of figure 2.3 in which, with levels of energy consumption that could be sustainably met in 2050, there is already a level of human development that meets the minimum standards of the United Nations Development Programme (UNDP; HDI above eight hundred). Such levels of consumption mirror those of Japan and Italy in the mid-1960s and were not exceeded in Spain until nearly 1980. Was it possible to live a decent life in those countries at that time?

If we also take into account the wide scope for improvement in energy efficiency—per capita consumption in Germany was 15 percent lower in 2005 than in 1985—it should be possible to guarantee a sustainable supply of energy to a population of 9.15 billion people in 2050 without impeding the attainment of decent levels of human development. The challenge of converting this feasible possibility into reality, however, is enormous and one that additionally affects a very wide variety of areas: technological, economic, social, and cultural.

A sustainable energy scenario with equitable access to energy will demand a very significant reduction in the level of consumption in the developed world—a 75 percent reduction in the US and a reduction of more than half in the EU and Japan. Further, the current energy system based on fossil fuels will have to be transformed into a different, sustainable one based almost exclusively on renewable energy flows and to a large extent on electricity as the energy carrier, which will have to increase from 17 percent of end user consumption in 2007 (International Energy Agency 2009, 30) to more than 70 percent in 2050. This profound transformation poses an enormous technological challenge. It will demand a profound restructuring of the electrical grid, both in its topology and in its management, since it will have to be adapted for greater use of distributed renewable generation units that are smaller than today's thermoelectrical power plants and with a much smaller regulating capacity—basically wind and photovoltaic generation. The transport sector—that currently runs almost exclusively on petroleum products—will also have to undergo a profound transformation in order to achieve sustainability. Sustainability means the electrification of transport, but the greater difficulty and cost of storing electricity means that we need to make a firm choice in favor of mass electric transportation and railroads, which are much more efficient than private transportation running on liquid fossil fuels. If we add to this the inevitable reductions in consumption levels, everything points to a drastic reduction in mobility in the future.

Additionally, an exploitation of biomass as intensive and widespread as that proposed by the German Advisory Council on Global Change (105 EJ/year) will demand careful planning of forest and agricultural land use in order to guarantee their sustainability (Reijnders 2006), viable only if done through small-scale arrangements managed at the most local level, and in any case with a focus radically different from that of the current agroindustrial sector.

Conclusion

Historically, rich and poor countries have benefited unequally both from our planet's natural resources and from its dumping grounds for waste disposal. This global plundering, in addition to exhausting the planet's natural capital and degrading the environment, has given rise to the creation of an ecological debt owed by the peoples it has enriched to the peoples it has impoverished. As regards energy, this ecological debt takes concrete form in carbon debt and in the environmental liabilities to which the energy sector's activities give rise.

Carbon debt is the product of an excess of CO₂ emissions above the level equivalent to an equitable per capita distribution of emission rights multiplied by the per unit socio-environmental cost of those emissions. Calculating carbon debt is not much more problematic than calculating the majority of the indicators used by economists and implies, in fact, an economic flow greater than the financial debt claimed by the rich countries. Development cooperation should contribute to determining the amount of carbon debt and its acknowledgment, which would make it easier to overcome the current international paralysis on the subject of climate change. Transnational companies in the energy sector have also contributed to increasing the ecological debt through the creation of environmental liabilities derived from the extraction, transport, and processing of energy resources. Ecological debt is consequently a very effective conceptual tool for analyzing the unjust global North-South relationship and for evaluating possible solutions.

In this chapter we have tried to demonstrate that it is possible to achieve a sustainable energy supply sufficient for humanity's future welfare. Nevertheless, this new scenario demands profound changes in our society: a progressive abandonment of fossil fuels to the point of achieving an energy system based primarily on renewable energy flows and with consumption levels that will have to be reduced in the developed

countries. This transition poses a colossal economic and technological challenge, which poor countries once again confront from a disadvantaged position. The concept of ecological debt should serve as both a tool for preventing the creation of new debts (through the plundering or the unsustainable use of renewable resources), and as a tool for justifying the necessary technological and economic inflows that the poor countries will have to receive in the future—and energy inflows as well, because a reduction in consumption should only affect those who consume too much, and not those who consume less than what is needed to guarantee a minimum quality of life.

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Technologies for Human Development and Sustainability

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Hunger, malnutrition, climate change, and inequality are just a few of the serious problems facing society today. They are complex issues where economic, social, political, and cultural factors interact in both their causes and effects. In the search for a new development model, a paradigm shift is necessary in the strategies and processes designed to resolve these problems. Following Amartya Sen's focus on capabilities (1999), this development model should be a process that expands citizens' capabilities and liberties.

Of all the aforementioned factors that affect current problems, technology has habitually been overlooked when discussing the human development, based on the argument that science and technology are in theory neutral disciplines. Therefore, these problems are typically left in the hands of those from the humanities. Yet there is a paradox where a society as highly technological as ours has 1.4 billion people living below poverty level, 1.2 billion people without access to potable water, 1.6 billion without electricity, and 1 billion people suffering from malnutrition.¹

1. Data taken from the websites of the United Nations Development Programme (UNDP), www.undp.org/; World Energy Outlook (WEO), www.worldenergyoutlook.org/; and the World Food Programme (WFP), www.wfp.org/.

Today, the close relationship between technology, development processes, and the human development index (HDI) of a given country or region is obvious and widely accepted by the majority of organizations working in human development. In the last few years, this relationship has been the subject of many articles and reports, most notably *Making New Technologies Work for Human Development*, published by the United Nations Development Programme (UNDP) in 2001, “Engineering for a Better World” (Marjoram 2003), published by UNESCO in 2003, and *Inventing a Better Future*, published in 2004 by the InterAcademy Council. Here, new indicators have even been created to aid analysis of the relationship between technology and human development: for example, the technology achievement index (TAI), “which aims to capture how well a country is creating and diffusing technology and building a human skill base—reflecting capacity to participate in the technological innovations of the network age” (UNDP 2001, 46).

In addition, many international organizations have contributed to and continue to be part of the study and application of technologies for human development (THD), including: the Intermediate Technology Development Group (ITDG), Engineers Without Borders (EWB), Engineers for a Sustainable World (ESW), the Register of Engineers for Disaster Relief (ReDR), and Engineers Against Poverty (EAP), among others. For years, these organizations have expressed international concern about the role that technology and engineering should take in helping to solve the problems our current globalized society faces. Within this context, universities in general and technical schools and faculties in particular can and, in our opinion, should provide both human resources and knowledge. By doing so, they can become active agents of cooperation and transformation.

In this chapter we will examine the evolution of the concept of technologies for human development and sustainability (THDS). Within this analysis, we will address the THDS characteristics specifically related to areas commonly associated with current cooperation projects (energy, water and sanitation, and information and communication technologies), rather than, for example, the fields of health, agricultural technologies, and basic housing. The importance of these latter issues in poverty reduction and human development projects is so great that each one would require its own specific study, beyond the scope of this chapter.

To demonstrate the role that technical schools and faculties might take on, we will describe a study carried out at the Universidad del País

Vasco/Euskal Herriko Unibertsitatea (UPV/EHU, University of the Basque Country), which examined the collaborative potential between engineering schools and nongovernmental development organizations (NDGOs). This study has analyzed the typology and technical character of cooperation projects financed by Basque public institutions.

THDS: Origin, Evolution, and Definitions

In order to understand the concept of THDS, we must study the role that technology has played and plays in development processes. In the past, science and technology brought about important social, economic, and cultural transformations. Today, science and technology continue to advance without providing answers to the problems of our society.

Technologies working to solve society's problems can be categorized under several paradigms: appropriate technologies (Schumacher 1973), intermediate technologies (Intermediate Technology Development Group), THD, and the recently named Technologies for Freedom (T4F; Fernandez-Baldor, Hueso, and Boni 2009). Each of these technology concepts has been developed further and each has distinct applications to the various development models.

Development of intermediate technologies emerged in Asia at the beginning of the twentieth century for the purpose of protecting and reconstructing rural systems and also to create a relevant development model distinct from the models of Western free-market capitalism. In the West, a period of optimism toward technology characterized the beginning of the twentieth century. But, along with other events, World War II, the invention of atomic energy, and nuclear accidents in the 1950s gave rise to a period of study and reflection that questioned the relationship between science, technology, and society.

In the 1960s, E. F. Schumacher, a German-born British economist and advisor for both the British National Coal Board and the United Nations, coined the phrase "intermediate technologies." He defined these as being somewhere between traditional technologies characterized by very low capital investment and modern technologies with very high capital investment. Schumacher's Intermediate Technology Development Group (1966, now Practical Action) and publication of his *Small Is Beautiful: Economics as if People Mattered* (1973) popularized the concept of intermediate technologies as small-scale, simple technologies that

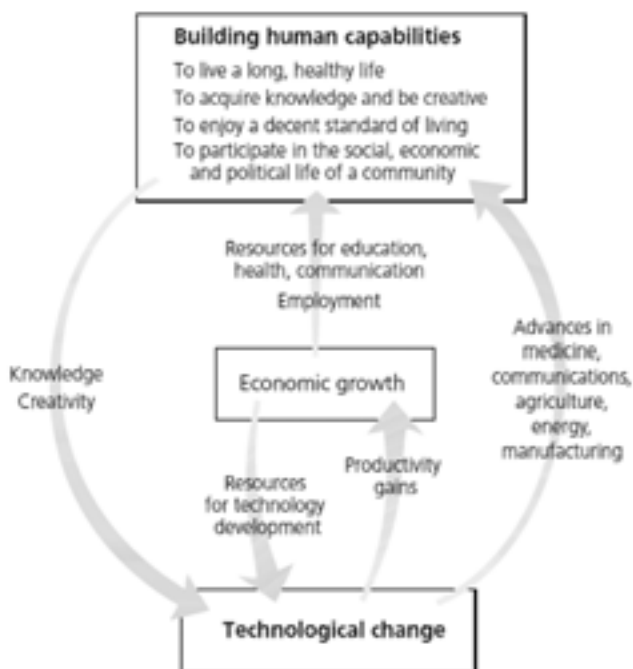
were respectful of the environment, low-cost, and relevant to developing countries.

Gradually, however, the concept of intermediate technologies gave way to a broader concept that adapted technology to some of the economic, social, and environmental development goals in specific countries, and the term “appropriate technologies.” In this transition to appropriate technologies, a series of political connotations were added. This extended their sphere of application beyond impoverished countries and into wealthy countries and proposed thinking about adapting the most modern technologies to the former. Multiple definitions exist for appropriate technologies, but there seems to be wide consensus regarding their fundamental characteristics, they are: necessary; small-scale; respectful of local technical and cultural traditions; environmentally and socially sustainable; able to develop endogenous capacities; and able to increase the income of their beneficiaries (in the case of a productive project) or improve beneficiaries’ opportunities to increase income (in the case of infrastructures).

Technology is closely tied to a development model, making it impossible to discuss an appropriate technology without first defining this model. The new movement toward THDS has been made possible by linking three models: human development, as a process to increase people’s options and capabilities; sustainable development, as a process that satisfies a current generation’s needs without compromising those of future generations, and appropriate technologies.

The concept of THD probably emerged after the publication of the previously noted UNDP report in 2001 that focused on the need to reconsider the role of technology in contributing to and advancing human development. It confirmed that progress made in the twentieth century in both human development and the eradication of poverty was due, in large measure, to technological advances (Pérez-Foguet and Saz-Carranza 2004). Furthermore, as a means of measuring the relationship between technology and human development, the same report presented two new indicators to examine a country’s capability in technology-related fields: the TAI and technological innovation hubs. These indicators clearly point out that a wide gap exists between the countries of the North and the South, including in technology-related fields. The data provided by these indicators demands that we take a closer look at the important role that technology might play in the achievement of the millennium development goals (MDGs).

Figure 3.1. Links between technology and human development.



Source: UNDP (2001), 41.

Figure 3.1 is taken from this report, and shows the double bind between technology and human development. Technological innovations have both a direct influence in important sectors like medicine, communications, agriculture, and education, and on economic development in general. This process comes full circle, considering that an increased citizen capability (human development) makes technological development possible.

Lately, a new concept has emerged in the debate on technology's role in development processes: Technologies for Freedom (T4F). The T4F idea starts from the assumption that technology is not a neutral concept but, rather, a social construction that incorporates policies, objectives, scientific communities, power relations, and so forth. Accordingly, technological projects are considered processes, carried out by the community where they are developed and whose ultimate objective is not to create equipment or manufactured goods, but to achieve true social transformations (Fernandez-Balder, Hueso, and Boni 2009).

This new conceptualization marks a crucial development in two fundamental areas: in relation to both the transferability of reproduced models that are not always exportable outside their original context; and in regard to the idea of receptor communities that are mere beneficiaries and not true participants in all phases of a project. In short, T4F reframes technology projects as knowledge-creating and ability-generating processes and focus on the process as a tool for social transformation.

Here we argue in favor of changing the way technology is typically understood. It is not neutral and must be viewed as a multidimensional process whose ultimate goal is to create a citizen-centered, environmentally sustainable development model. Specifically, technological interventions should be introduced at various levels (local, regional, national, global) and should take into account elements such as sustainability, empowerment, beneficiary participation, productivity, and equity. Furthermore, we will analyze three technical areas specifically linked to sustainable human development (SHD)—traditionally known as THDS—that play an important role in many of the cooperation projects implemented in impoverished countries.

Water and Sanitation

Since ancient times, water and its utilization have been important in the history of communities and have provoked conflicts and inequalities. Water consumption has grown rapidly since the eighteenth and nineteenth centuries due to an increase in food and agricultural production. Water is a biospheric renewable resource because of its natural regeneration ability. However, human activity has the potential to exhaust this resource by depleting biomass, using up underwater reserves, and contaminating aquifers.

We face a number of serious water-related problems today: 1.5 million children die each year from illnesses due to poor quality water, more than 2.5 billion people do not have an adequate sanitation system, and 2 million tons of sewage are dumped into the world's rivers and oceans every day. Once again, these problems are especially serious in impoverished nations, where 90 percent of sewage and 70 percent of industrial waste are emptied into surface waters without being subjected to any treatment process.

Our most important use for water, agriculture and fishing (73 percent of total consumption), is also the most inefficient, because up to 70

percent of water used for irrigation is lost before it reaches the ground. In industry (20 percent of total consumption), the chief problems are wasteful water usage and contamination suffered during industrial processes. The systems that supply water for consumption are usually very inefficient and we need to research into and develop alternative systems that would improve water's range, quantity, continuity, and quality.

In addition to the issues with service provision, there are also problems that seriously affect the nutrition and health of communities, especially in the South). Besides the illnesses transmitted through consumption of low-quality water, water scarcity also leads to decreased food production and increased malnutrition-related illnesses.

Sustainable access to drinking water and an adequate sanitation system for all citizens are essential factors for SHD and a necessary part of reaching the MGDs. Water is also tied to the current climate change crisis, to energy access, nutrition, food costs, and to problems in the financial markets (UNESCO 2009). The solutions to all of these problems are not simple and require multidimensional processes that include technology, management, policy, and education. These elements, when combined with an integral understanding of the problem, can provide partial solutions.

In *technology*, we must research and develop technical processes that improve supply and sanitation systems and we must rethink the location and size of hydraulic electricity-generating systems, develop more efficient supply systems, machines, and mechanisms that consume less water, new treatment and purification systems, and new, less-contaminating industrial methods. In the agricultural sector, we must develop systems that consume less water, maximizing alternative irrigation methods to take the place of traditional flooding irrigation and inefficient and damaging sprinkler irrigation. We must research and develop new techniques designed to discover new sources of drinking water and the development of efficient and sustainable desalinizing systems. These technical advances must be accompanied by the beneficiary communities' adaptation to the techniques and must incorporate the communities' traditional methods.

In *management*, we must design solutions that work toward integrated sector management, institutional development and skills training, decentralization of services, and the commitment to environmentally and culturally friendly technologies. Furthermore, an important *political* challenge will be to make the population aware of the growing crisis surrounding water resources and to increase citizen and community involve-

ment in their own development. Community participation in this sense is one of the most important water-resource management tools there is. This participation goes beyond being aware of local knowledge and priorities, and begins to establish a dialogue between all parties involved in the project-design process.

In the field of *education*, we must begin to foster a culture that views access to water as a basic human right and water itself as a natural, economic, and social resource, thereby making its conservation extremely important for the environment and for health. Environmental education must begin with the principle of sustainable development: “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED 1987, 54). In educational as well as technical aspects, information technology can play an important role in the creation and transfer of knowledge related to equitable and efficient water use.

Energy

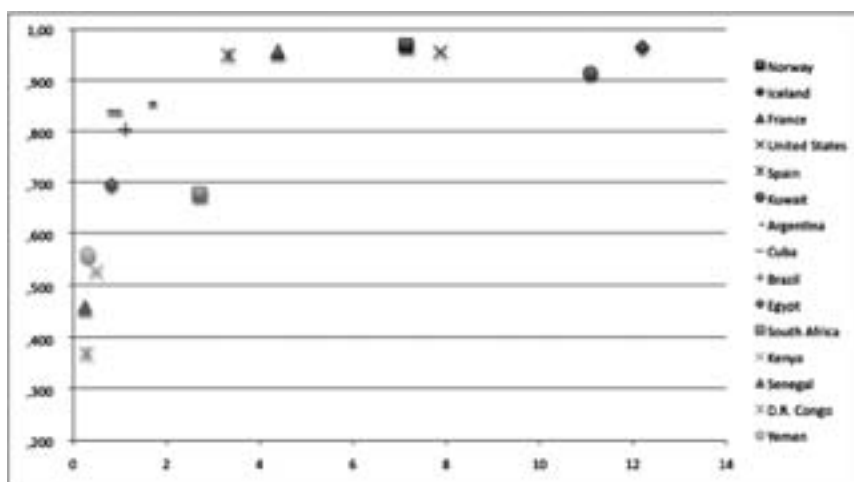
Although millions of people have received electricity and modern energy services since the 1980s, this distribution has not always been fair. Today, well into the twenty-first century, around 1.6 billion people continue to lack access to electricity and 2.5 billion people, the majority in developing countries, continue to depend on traditional biomass for nourishment (Modi et al. 2005).

Guaranteed access to reasonable and reliable energy services is essential in efforts to fight poverty and in achieving a sustainable development model, considering its importance in the areas of health, education and productivity. Currently, international consensus reveals a close correlation between the HDI and indexes related to energy access (annual energy consumption per citizen, number of people without access to electricity, and so forth).

However, as figure 3.2 demonstrates, although an increase in a country’s HDI also requires an increase in energy consumption up to a certain level, there is no direct correlation between these two indexes. Countries with the same HDI can have very disparate energy consumption.

There are also gross inequalities between consumption levels in wealthy and poor countries. The roughly 2.5 billion of the world’s poorest people consume just 0.2 tonnes of oil equivalent (TOE) per person annually, while the 1 billion richest use up an annual average of 5 TOE per

Figure 3.2. Relation between HDI and energy consumption in per capital TOEs.



Source: 2005 data taken from the Human Development Report and the International Energy Agency.

person. In other words, their oil consumption is twenty-five times greater (UNDP 2007, 305). The data pertaining to electricity is equally as significant: the wealthiest 20 percent of the population consumes 75 percent of the available electricity (UNDP 2007, 305). To meet the needs of those populations that are without modern energy services, the UNDP states that one of the greatest challenges facing international cooperation is how to increase access to energy without causing dangerous climate changes (UNDP 2007, 157).

As with water, current energy problems have distinct features—in the fields of technology, the economy, politics, and so on—that must be considered and studied. Once again, education for SHD is a basic tool to bring about necessary changes. For this reason, higher education institutions (especially those in scientific and technical fields) have an important role in raising awareness for, creating, and diffusing a new global energy model.

Information and Communication Technologies

The concept of information and communication technologies (ICTs) refers to the convergence of two technical fields: telecommunications and information technology. Major technological development and integration since the 1990s has led to the adoption of a new term, new informa-

tion and communication technologies (NITCs), in order to differentiate current systems (the Internet, cellular phones, and personal computers) from their predecessors (radio, landline telephones, and television). These technologies are used in diverse fields for SHD, including health, education, and political participation. They are present in almost all human activities, can be used almost anywhere and eliminate obstacles to learning, participation, and economic advancement.

There are three primary ways that NITCs aid in the work toward achieving the MDGs: NITCs play an important role as the connection between information and the industrial reforms of certain communities. Therefore, we must incorporate NITCs into the political sphere as development tools. Then, NITCs have a direct impact on people's quality of life because they improve communication abilities and the flow of information and knowledge between citizens. Finally, NITCs can promote economic growth and increase productivity by establishing new models for generating businesses, producers, and consumers, and maintaining relationships among them (United Nations Millennium Project 2005a).

In the "network era," the way technologies are created and extended is changing immensely, yet this also presents new risks in the development process. As a basic principle, it is not enough to make information available; we must be able to transform access into knowledge. In addition, the spread of NITCs in industrialized countries has created a new paradigm of inequality: the digital divide.

This term first came into use in the 1990s, referring to emerging social inequalities attributed to increasing computer and Internet use (Ballesterio Diaz 2002). In general, the term "digital divide" implies an inequality in existing access to information, knowledge and education through NITCs. Other underlying factors of this inequality are not exclusively technological in nature and include socioeconomic and cultural considerations, as well as limited or nonexistent telecommunications infrastructures.

The inclusion of the new Digital Access Index (DAI) by the International Telecommunication Union (2003) demonstrates the important role of NITCs in SHD. This index measures both the total capacity of citizen access to ICTs in 178 countries and also how ICTs are used. It is based on four basic factors that affect a country's access to ICTs: infrastructures, affordability, knowledge, and quality. A comparison of the HDI and the DAI reveals a close relationship between the two, together with the importance of NITCs in human development processes.

The Role of Universities as Development Agents: University Development Cooperation

The technologies analyzed relate to human development in a given country or region in numerous ways. As regards education, for example, development projects face educational and technical challenges that present an ideal opportunity for universities to contribute human resources and knowledge via university development cooperation (UDC) activities (also known as university partnerships in development and cooperation).

The specific role that universities could play in UDC activities must be outlined and defined within a cooperation framework. UDC means that a university takes on the role of an active agent of cooperation for SHD. It also implies cooperation toward a specific goal, and requires that a university accepts its responsibility in society, and can make a commitment to facing new challenges and taking on new roles in human and social development (Global University Network for Innovation 2008). UDC must be composed of those functions specific to a university: research, teaching, and university extension.

In the first place, research for development (R>D) is an important tool for generating knowledge and for reassessing current academic research priorities and objectives. Universities working to set new priorities and applying their findings to global problems might work together with social organizations like NGOs, who could provide support and ideas.

In this environment, universities in general and technical schools and faculties in particular can take an active role in both the production and innovation of scientific learning and the promotion of technological research and development specifically designed to combat widespread problems. They could assist states or regions by providing problem-solving infrastructure and information, and promote sustainable human development policies (Van Damme 2002, 4). The efficacy of government programs might also be increased significantly with scientific or technical support to fill the void between what is technically possible and what is politically attainable in areas such as agriculture, education, energy, environment, and health (InterAcademy Council 2004, 39).

Furthermore, through teaching, both education for development objectives (as a tool of UDC) and the knowledge generated from R>D might lead to multiple secondary effects. Education for development frames education as a dynamic, interactive and participatory process aimed at integrated personal development, conscientious understand-

ing of local and global efforts in development issues and North-South inequalities, and a commitment to participatory and transformative action (Hegoa 2007).

And lastly, university extension activities make establishing inter-institutional cooperative development agreements and partnerships possible. Efforts to increase academic capability at universities in developing countries and strengthening them as institutions might create sustainable cooperative results that have both added value and an important resulting effect.

Rather than analyze even further UDC, we will now turn to an examination of a specific initiative that might serve to inspire technical schools and faculties to take technology above and beyond its current capabilities. In order to do this, as we will see below, partnerships must be established with NGOs. Such partnerships allow NGOs to voice the technical problems their cooperation projects face and make it possible for engineering instructors and students to participate in these projects.

Case Study: The Potential for Engineering Schools in the Autonomous Community of the Basque Country to be Agents of Cooperation for SHD

Ingeniería Sin Fronteras del País Vasco-Euskal Herriko Mugarik Gabeko Ingeniaritza (Engineering without Borders, Basque Division), an NGO and university organization, carried out a research project that analyzed opportunities for collaboration between the engineering schools at the UPV/EHU and NGOs based in the Comunidad Autónoma del País Vasco/Euskal Autonomia Erkidegoa (CAPV/EAE, Autonomous Community of the Basque Country). Located in northern Spain, in the far western Pyrenees, the CAPV/EAE or Euskadi, is 7,234 km² (2,793 square miles) in size and has more than 2 million residents in three provinces where the UPV/EHU has its campuses: Bizkaia (Vizcaya), Araba (Álava), and Gipuzkoa (Guipúzcoa). This project included an analysis of the technical components of cooperation projects, an analysis of the UPV/EHU's resources and capabilities, identification of areas of joint action, and collaboration on student thesis projects.

It began with a brief study of the typology of cooperation projects funded by the CAPV/EAE public institutions. This enabled the research team to familiarize itself with NGOs carrying out cooperation projects with technical components, and allowed those students interested

in completing their student thesis projects in the field of cooperation for human development to contact those NGOs (Sainz de Murieta, Lekanda, and Burgos 2008). The projects analyzed were those funded by the Basque Government through its cooperation and development aid fund and the city halls of the three provincial capitals: Bilbao, Vitoria-Gasteiz, and Donostia-San Sebastián.

This study made clear that these cooperation projects, which were always connected in some degree to the multiple and priority sectors focused on by Basque cooperation, were in many cases distinctly technical and directly related to one or more THDS. Specifically, of the 684 cooperation projects funded between 2002 and 2006, 125 were classified as DAC/CRS (Development Assistance Committee/Credit Reporting System) because in their definition they referred to one of the following technical areas: water purification and desalination projects; other social services and infrastructures; communications; energy production and supply; productive sectors, industry, mining and construction; or overall environmental protection. Even though this might seem like a small number of projects (18.2 percent), only those whose general description explicitly mentioned one of the areas previously listed were included. In fact, a more extensive study would reveal that some form of technology appears in a large number of the projects, even if not as one of their highest priorities.

Given this data, researchers looked at the possibility of initiating UDC activities at the UPV/EHU technical schools and faculties that offered degrees in the related technical areas identified in the projects.

The UPV/EHU is made up of more than fifty thousand people, is responsible for 95 percent of all research in Euskadi and, since its founding in 1980, has granted over 250,000 degrees in various fields. It is divided into three campuses, and has thirty-one faculties and schools, 5,127 teaching and research staff, 1,033 administration and services staff, and more than 47,493 enrolled students (UPV/EHU 2009). As regards technical institutions, the UPV/EHU has four engineering schools, an advanced engineering technical college, a polytechnic university, and two faculties of engineering. Together, they comprise an invaluable human resource made up of fifteen thousand people.

The next phase of this research project sought cooperation between the CAPV/EAE-based NGOs and technology-based projects and the technical schools and faculties specializing in those areas. Through sur-

veys and interviews, the NGOs described the types of joint activities they would like to initiate and participate in with the university, most notably: working together in identifying, creating, and executing cooperation projects and programs; education for development collaborations aimed at developing and generating social capital; joint administration of programs and projects; and collaboration in advisory projects and applied research.

Once the potential areas for collaboration between the NGOs and UPV/EHU's technical colleges and faculties were identified, a series of student thesis projects were designed and implemented with students, professors, and NGO technicians working together within the established cooperation project frameworks. These projects were funded by the Office of the Vice Dean for Social Responsibility and University Extension and were coordinated and tracked by the Basque Engineers without Borders volunteers.

Student thesis projects could include the following: prototypes of appropriate technologies, studies related to THDS, or development of humanitarian aid projects in conjunction with NGOs and cooperation development organizations. Students interested in completing thesis projects in one of these cooperation fields received prior training and, after completing their project, took part in informative sessions where they shared their experience and the lessons learned with the university community.

Some of the student thesis projects carried out within this framework included:

- Design of an energy supply system in an isolated rural community in Quetzaltenango, Guatemala, through installation of a micro hydro power plant for the *Comunidad Nueva Alianza*. Completed in situ over the course of eight months in Guatemala by an industrial engineering student, the project included system design and UNDP presentation to the UNDP to secure funding.
- Water and sanitation management in the Democratic Republic of the Congo and Rwanda. Two projects carried out by two mechanical engineering students that evaluated the work done by the NGO *Medicus Mundi* in Kinshasa and the Kamonyi District, related to water and sanitation and providing technical solutions for each region.

- Tapping and treating water from the Quiskabp River for human consumption in the inner city of Sololá, Guatemala. This project was carried out by a technical/mechanical/industrial engineering student in collaboration with the NGDO Lagun Artean and the city of Sololá, Guatemala.
- Installation of single-family solar panels in Laguna Seca, Guatemala. Carried out by a telecommunications engineering technology student in collaboration with the NGDO Denok Osasanaren Alde.

Although the results obtained were satisfactory because they demonstrate the full participation of all those involved, this initiative also revealed some deficiencies in the process that need to be addressed in order to guarantee future success. University training programs, tools, and human resources are a necessity because they prepare students for cooperation in development projects and provide appropriate monitoring, management, and completion of future projects. Likewise, the UDC must be a separate and specialized program with its own support system independent of other university international and exchange programs. For that reason, committees, resources, and methods must be available that are aimed at enabling strategic actions that serve to advance cooperation in sustainable development.

In short, the results demonstrate the potential for numerous and important projects given the adequate facilitation. These initiatives can promote university-integrated community service at engineering colleges, increasing universities' ability to produce critically thinking individuals who comprehend inequalities (many of them caused in some way by technological constraints) and who inspire relevant social change.

Conclusion

With initiatives like this and increasing university participation in UDC activities, a new relationship is slowly developing between UPV/EHU's Engineering College and local NGDOs. This allows the two to join forces and optimize resources to achieve a common goal: preparing citizens who are aware of inequalities between the North and South and also aware of the need for technology to help people and not the other way around.

To fully take advantage of technical schools and faculties' resources, there is still a need for better framework construction and consolidation, procedures, and resources. This collaboration might include coordinated

actions, research, projects, or intervention and training programs. Indeed, the possibilities are endless.

Human resources were identified as a particular strength because of the high receptivity and participation from various groups (faculty, student, and associative) and strong support from the UPV/EHU's Office of the Vice Dean of Social Responsibility. However, a lack of institutional inclusion and recognition in activities of this nature and the need for specific management, tracking, and evaluative tools must be addressed.

In closing, based on the collaboration between Engineers without Borders and the UPV/EHU, future activity might include: defining and creating core technical studies training programs for both student groups and faculty; defining and creating bilateral agreements between other universities and NGOs to facilitate projects aimed at creating capabilities, strengthening institutions, and creating and exchanging knowledge; creating information technology tools to help manage UDC activity resources; creating inter-campus work groups of experts to be responsible for coordinating complimentary teaching and research; and creating committees and/or specific UDC advisory groups responsible for outlining policy strategies, creating follow-up and ensuring efficient and high-quality university cooperation.

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Economic Crisis, Gender Repercussions, and Official Development Aid

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Translated by Laura Bunt-MacRury

This chapter focuses on the consequences of the current economic crisis and its severe effects on the most vulnerable sectors of society, especially poor women in developing countries. The characteristics inherent in the sexual division of labor, with women as primarily responsible for “reproductive” work and men for “productive” work, delineates the way the crisis exacerbates the differences in resources and status between the sexes. If interdependence between paid and unpaid work is not taken into account, women will continue to assume the impact of the crisis in order to maintain well-being in the household.

The sexual division of labor extends outside the home and reaches into the labor market where there are still jobs and economic sectors considered female or male. This allows for an analysis of the differential effects on work and at home. Women are affected by this crisis in two ways: by their status as salaried employees in the labor market and by their role as caregivers when they are beneficiaries of fiscal and especially social policies, or when their reproductive labor is affected by economic cycles.

To the extent that the state is given an active role in stimulating economic activity, it is possible that the effects of the current crisis in developing countries are somewhat more short term. Yet, they may be aggravated when considering a reduction in public spending to reduce the fiscal deficit. Meanwhile, the increase in development financing in 2008 might decrease in 2010, because of the pressure to adjust public debts in developed countries. This would endanger both the international objec-

tives of the United Nations' Millennium Development Goals (MGDs) and other important aspects designed to protect women from the worst consequences of the crisis.

Women's situation may worsen as the impact of the crisis spreads in developing countries. It is therefore important to revamp the principles governing the "current architecture of aid" for the disadvantaged (in this case women) in order to help them in their personal and social development, especially since this aid also ultimately serves the development of the entire population.

The Dimensions of the Global Economic Crisis

When this chapter was written, in March 2010, it appeared that the worst scenario of the crisis experienced in 2009 was abating. Earlier this year, the International Monetary Fund (IMF; 2010), revised global growth projections upward to 3.9 percent for 2010 and 4.3 percent for 2011. Projections from the World Bank are also optimistic, though more cautious. Its most recent forecasts indicate a global economic growth of 2.7 percent in 2010 and 3.2 percent in 2011. In the case of developing countries, the report notes a conjoined growth of 1.2 percent in 2009, to 5.2 percent in 2010, and to 5.8 percent in 2011 (World Bank 2010, 17). Adverse effects on the developing world due to this financial crisis, however, have not simply ended. Rather, time will reveal the costs in important aspects such as malnutrition, declining education, and growing poverty. The current economic crisis will increase poverty in the world. Some estimates, such as that of Shaohua Chen and Martin Ravallion (2009, 5–6), add 53 million more poor people living on less than \$1.25 a day. Moreover, there are 64 million more people living on less than \$2 a day than there would have been without the crisis.

Yet, even despite the optimistic growth prospects of both institutions, there are two other crises that have been obscured by the financial crisis and whose negative effects overlap with it. While these other crises are mitigated by the financial crisis, they will continue after its end. On the one hand, then, there is a crisis stemming from rising prices of energy products, raw materials, and food. This is a consequence of economic growth before the current crisis and due in particular to speculation and increased demand for these products from China and India. This crisis has been strongest in net-importing countries importing these products and has caused difficulties in access to food for their poorest sectors. The slowdown in economic growth and demand arising from the financial cri-

sis drove down the prices of these products in late 2008 and during part of 2009, yet prices have already begun to increase even as the economies are recovering. On the other hand, the crisis of climate change produced by the growth of greenhouse gases and their consequences in the form of droughts and floods has damaged crops and increased vulnerability throughout the world, especially in the South. Although there has been a decrease in its effects, if there is no modification of the system that generates climate change, they will return with greater force.

Chen and Ravallion, drawing evidence from these contingent crises, analyze effects beyond the fall in income. Especially important are factors affecting education and nutrition: “When poor families are compelled to cut short their kids’ schooling in response to a shock this creates a lasting impact on poverty since school dropouts tend to earn less as adults. Declining wages during a crisis make child labour relatively less attractive, and schooling more so, but (at the same time), lower parental incomes increase the value of the extra money that children can bring to the family budget if they work” (2009, 6–7).

Experience indicates that in very poor countries school enrollment decreases with crises, while in middle-income countries enrollment rates increase. There are also impacts on nutrition and children’s health in poorer families; poor nutrition in children’s earliest years slows growth and reduces cognitive abilities and learning. These negative effects were present in both the poorest countries and in middle-income countries.

The Crisis from the Gender Perspective

The current economic crisis, rather than creating new inequalities between men and women, exacerbates preexisting ones. For Oxfam International, “the gender inequalities and power imbalances that predate the current crisis have resulted its additional afflictions falling disproportionately on those who are already structurally disempowered and marginalised. These pre-existing inequalities, which include under-representation of women at all levels of economic decision making and their over-representation in informal, vulnerable, and casual employment, are more often significant than gender inequalities arising from the crisis” (King and Sweetman 2010, 4).¹

1. In September 2009, a workshop entitled “Gender and the Economic Crisis: Impact and Responses,” organized by the international journal *Gender & Development* (Oxfam GB), brought together activists and academics. The papers and workshop presentations can be found at www.genderanddevelopment.org/crisis-workshop.asp.

From a gender perspective, what must be analyzed are the various implications of the crisis on women and men through (among other factors) disaggregated statistics on poverty and unemployment. Moreover, one must understand the impact on perceptions about the different roles of women and men produced by the crisis. Diane Elson presents a framework where “gender numbers” exaggerate “gender norms” (Elson 2009; see King and Sweetman 2010, 5). Gender norms are thus defined as the ideas one has about men and women and their role in the different institutions such as the family, the community, and the labor market. This affects the perceptual vision that we can derive concerning the impact of the crisis in each sex. Thus, although there are massive layoffs of women in factories manufacturing for export in the countries of Southeast Asia, we may find that this situation is not “very serious” since it was felt that women’s wages help or complement those of males. Hence, no special measures become “necessary” to promote new jobs for women and thus there is a crisis reinforcing preexisting ideas about gender roles in society. Yet, the effect of the crisis also produces a situation where unemployed men take charge of preparing food for their families while women remain employed, so there is a change of roles, where a distinction is erased, in the so-called productive work normally considered male or female. According to Oxfam International:

In the case of Viet Nam, since the onset of the economic crisis, the gender division of labour has been breached among some day labourers, as women have been forced to accept jobs that are usually the preserve of men . . . crisis-affected workers in Hanoi’s mobile day-labour market have developed a very strong sense of community and a range of informal coping strategies. Both women and men often work in a group, receive equal pay, and share living expenses with fellow migrants from the same villages. (King and Sweetman 2010, 8)

Despite interest in understanding the impact of the crisis in different areas (productive and reproductive spheres), it is difficult to find data, especially concerning informal work and the reproductive sphere because of measurement difficulties. Primarily, this is due to the fact that informal work is diverse and deregulated, and also because the effects of the crisis on reproductive work usually appear later and last longer.

Implications for the Labor Market

The crisis is not affecting all countries equally. Even though the financial crisis started in developed countries, it has spread to the rest of the world. The impact of the crisis on women in developing countries depends on their vulnerability and the corresponding country's position within the global context. Unlike previous decades, in many developing regions the crisis has actually come at a good time from the standpoint of economic growth. Growth in Africa in recent years has been significant. In addition, Latin America was better off when compared to other past crises. Countries in Eastern Europe and in Commonwealth of Independent States (CIS) had stabilized following the difficulties of the transition to market-based economies. There is, however, some fear now that this progress will be disrupted.

In developing economies, the informal economy is particularly important. Rising unemployment from declining production or closure of companies increases the size of the informal economy that already occupies a large portion of those actually employed. It is mostly women who are situated in this informal economy, which is dominated by survival with little capital, low income, and a high degree of insecurity. The difficulties in obtaining credit are even more complicated when considering the circumstances of traders and artisans.

In recent studies, the International Labour Organization (ILO) suggests that 52 percent of women working in the world are in vulnerable employment, or are auxiliary family workers, or self-employed (2009, 11). This situation is worse in some regions like sub-Saharan Africa, East/South Asia, Southeast Asia, and the Pacific (ILO 2008). In Central Asia, Nurgul Djanaeva asserts that women entrepreneurs have had difficulty obtaining credit, partly because wealth is concentrated in the hands of men (2009, 9). In Kazakhstan, only 2 percent of loans were granted to farms headed by women and only 31 percent of rural micro-credits were allocated to women. In West Africa, the survival of many microfinance institutions is threatened by defaults on loans given to many low-income lenders, which has now given rise to very conservative lending policies (Tsikata 2009, 9–10).

Moreover, in many countries, the crisis has led to increased unemployment caused by a fall in exports due to the reduction in global demand. Asia's manufacturing exports began to fall in September 2008 and continued until mid 2009. Notably, in Southeast Asia, Bangladesh,

and Sri Lanka, the majority of manufacturing workers are women, by a ratio of two to five in the textile, clothing, and electronics industries. By 2008, female unemployment rates in South and Southeast Asia exceeded those of males. Many countries take advantage of this situation by reducing labor costs through lower wages and by forcing workers who were not laid off to work longer hours for lower pay (Ghosh 2009, 5–6).

In Central Asia the textile and clothing sector, which exports 95 percent of global production, has been hit hard by shrinking export demand, which has disproportionately harmed the majority of women (Djanaeva 2009, 6). This economic contraction will also affect the behavior of export-processing zones and *maquiladoras* (foreign assembly plants) in Mexico and Central America, further reducing women's employment. Between 2008 and 2009, over seventy-eight thousand jobs were eliminated in Central America and 65 percent of those who lost them in 2008 were women. Unemployment and instability are higher among women with little social protection and unstable income (Espino and Sanchis 2009, 11).

In Eastern Europe, Poland has lost forty thousand jobs in the textile export sector, which is mostly occupied by women. Beyond the effects of reduced exports, Poland has also lost twelve thousand jobs in banking. Moreover, only 14 percent of the registered unemployed are entitled to modest benefits of only \$240 for the first three months, and then only \$120 three months thereafter (Charkiewicz 2009, 8–9). In the Czech Republic in 2010, it is feared that ten thousand of the current fifty-two thousand jobs in the textile industry will be lost.

Finally, in West Africa the commodity exports sector is expected to be negatively impacted and will affect women and men who grow basic products such as: cocoa, cotton, palm oil, vegetables, and shea butter. The farmers that constitute the majority of harvesters, processors, and traders of shea butter are often the poorest in their community. The shea tree grows wild and its fruits are collected to sell or process with the aim of increasing women's income in Ghana—representing a third of women's income in areas where it grows. In Burkina Faso, between three and four hundred thousand women are involved in this activity. Although most of this commodity is sold in West Africa, consumption is increasing in Europe (in cosmetic industries in particular). Yet, as in other sectors, this commodity has also been affected by price reduction; in Ghana is estimated that prices have fallen between 50 and 75 percent (Tsikata 2009, 12–13).

The Impact of Reduced Remittances

In recent years, remittance flows to developing countries have grown at double-digit annual rates, amounting in 2008 to over \$300 billion, which is equivalent to three times the official development assistance (ODA) for development (United Nations 2009b, 7). These remittances have also been curtailed by the crisis.

For women in countries like the Philippines and Ethiopia, migration abroad has been a common strategy in the face of rising food prices and declining employment. Migration makes these women even more vulnerable to abuse and exploitation given that their only options for income are domestic work, prostitution, drug trafficking, or as mail order brides. The economic crisis further reduces the bargaining power of migrant domestic workers who migrate to urban centers are paid less than their male counterparts. Yet, despite this, women send more of their earnings to their households to feed and educate their children (King and Sweetman 2010, 8–9).

The levels of remittances to Kyrgyzstan and Tajikistan that had grown until 2008, began to decrease and in the fourth quarter of 2008, falling by 50 percent in Tajikistan. This reduction had negative consequences for poor families, particularly in Kyrgyzstan where 47 percent of families with migrant labor remittances were substantially reduced by 13 percent and 26 percent stopped receiving them completely. Significantly, these remittances represent 30 percent of the annual budget of poor families (Djanaeva 2009, 8).

In some Central American countries, remittances account for between 15 percent and 40 percent of GDP. However, in Bolivia or Ecuador they were between 5 and 10 percent of GDP, therefore such a reduction affects the status of poor families mainly headed by a woman (Espino and Sanchez 2009, 10).

Reductions were also detected in the flow of remittances in countries like Jordan, Pakistan, and Bangladesh. In India, however, they increased, probably due to workers drawing from their accumulated savings. Male migration in the manufacturing and construction sectors will have greater difficulties than female migration concentrated in services and care-giving activities that are less affected by the economic cycle. In the Philippines, for example, remittance flows have grown at rates of 2 percent per year; yet, internal migration has reverted from the urban to rural areas due to decreasing employment opportunities (Ghosh 2009, 7–8).

For Africa as a whole, remittances represent 2 percent of GDP. This is still very significant in countries such as Senegal, Nigeria, Sierra Leone, and Togo where they reached 5 percent of GDP in 2007, while in Cape Verde, Liberia, and Gambia, remittances represented over 10 percent of GDP. Most inflows of remittances are destined for Nigeria (75 percent) followed by Senegal (8 percent), countries that will be seriously affected. In Ghana, which still has the highest per capita expenditure and low poverty levels, remittances account for 5 percent of household income (Tsikata 2009, 11).

The Impact on Reproductive Work and Basic Need Fulfillment

The effects of the crisis in the reduction of family income, both from work and remittances, is causing a deterioration in living conditions of the most vulnerable. According to the UN's "Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development":

Our endeavours must be guided by the need to address the human costs of the crisis: an increase in the already unacceptable number of poor and vulnerable, particularly women and children, who suffer and die of hunger, malnutrition and preventable or curable disease; a rise in unemployment; the reduction in access to education and health services; and the current inadequacy of social protection in many countries. Women also face greater income insecurity and increased burdens of family care. These particular human costs have serious development consequences on the human security of those affected. An equitable global recovery requires the full participation of all countries in shaping appropriate responses to the crisis. (United Nations 2009a, 2)

The fall in economic growth and government revenues will affect government budgets and is expected to affect the provision of education and health. Social security programs, food for work, free basic education, and health insurance may be jeopardized if the expected reductions in ODA are realized. In Latin America, increased food prices will increase poverty and are likely to be a setback in the region in terms of nutrition, infant mortality, and motherhood—reversing the positive trends of recent years (Espino and Sanchis 2009, 12).

The high price of food and fuel forces women into designing alternative coping strategies. In Ghana—which has seen a drop in the quality and quantity of food—the number of meals or amount of food served at each meal has been reduced. Poor nutrition is harmful to women them-

selves, especially if pregnant or breastfeeding. Moreover, children that are ill from malnutrition can only increase the workload of mothers (Tsikata 2009, 14).

In Asia during 2008, there was a significant increase in food prices mainly resulting from financial speculation. In 2009, in most developing Asian countries (except China), prices were 30 percent higher than two years previously, despite the decline or stagnation of wages. Taking all of this into account, women and girls are usually worse off in terms of the distribution of food in households (Ghosh 2009, 9). On the other hand, in countries like the Philippines, Bangladesh, India, and Cambodia, reduced spending on health increases the risk of maternal mortality, while reduced spending on education means that girls are withdrawn from school. Thus, the closure or downsizing of public services poses a greater burden to unpaid work at home, as is evidenced in various surveys conducted in Asia (Ghosh 2009, 9).

Observing the crisis from the gender perspective also means analyzing its impact on tax policy, specifically the impact of budget cuts on social policies related to women and equality. In a time of economic downturn, countries may decide to reduce public expenditure as a measure to balance national accounts and not to further deficit increases caused largely by a decline in tax revenues. On these occasions, the first reductions are often those linked to social policy and services that meet basic needs such as health care, welfare, and education. These services are reduced at a time when families are most in need, and the care work that was previously assumed by the public sector falls now especially upon women. These economic sectors are characterized by high degree of segregation of women workers as the impact of job cuts falls back on them again.

Taking the countries of Southeast Asia as a point of reference, Yada Praparapun notes that although incentives have been taken to mitigate the crisis, "Most of the money has focused on the construction of mega-projects such as infrastructure, which is usually capital intensive rather than labour intensive. Furthermore, to the extent that new jobs are created, they tend to be male oriented" (2010, 6). Likewise, Stephanie Seguino argues that, "The effects on women and therefore children will also be transmitted through cuts in public sector budgets, due to falling tax revenues and foreign aid. In Africa, for example, more than 50% of the total public health spending comes from aid commitments" (2009, 4).

Official Development Assistance from the Standpoint of Gender

Because the current financial crisis is one of the most serious in history, it is more urgent than ever to establish a series of measures to alleviate, as much as possible, the consequences of the crisis on the population. This holds true especially for women in developing countries because they are among the most disadvantaged groups.

This crisis affects developing countries in different degrees, depending on their economic structure and ability to establish policies and measures to mitigate its effects and impact on the population, especially the poorest and marginalized. Many of these countries depend on foreign aid and trade relations, because they possess few resources to implement counter-cyclical macroeconomic policies that may help them to recover from the crisis. Against this backdrop of global crisis, agreements and programs (like those adopted in recent times) must be enforced and be able to compensate for the particular feminization of poverty. Greater political will and involvement on the part of developed countries is needed to implement priority actions that will narrow the gap between political commitment and practical actions undertaken.

It is also a good time to reflect and take stock of the various commitments that have been taken by developed countries in recent times in terms of gender equality and development aid, given that 2010 marks the fifteenth anniversary of the “Beijing Platform for Action,” which will be celebrated by the summit on MGDs to be held in September 2010. In addition, 2010 marks the year that the “Paris Declaration on Aid Effectiveness & Development” established a stated goal to monitor agreed-upon progress. Finally, the beginning of 2010 marked the preparatory work for the “Fourth High-Level Forum on Aid Effectiveness,” to be held in Seoul in 2011.

In reviewing the adopted joint aims, cooperation policies can play an important role and turn commitments made by developed countries into a reality, not only in terms of official aid but also as a reality for the development of women. For example, “new aid architecture,” as reflected in the Paris Declaration,² is an example of cooperative development with little reference to gender equality and empowerment of women, despite

2. “New aid architecture” refers to the new management of the financing of development aid that arose from the “Monterrey Consensus” in 2002, and was based on improving aid effectiveness and coordination in terms of monetary policy and trade. The Paris Declaration has become the new institutional framework agreed at the “Second High-Level Forum on Aid Effectiveness,”

wanting to be, “the new institutional framework to improve aid delivery and management towards the achievement of the Millennium Development Goals” (Alemany 2008, 8).

The Paris Declaration aims to improve the effectiveness of development cooperation through five principles: ownership of development policies by recipient countries; alignment of donor countries and institutions with the development strategies of “partner countries”;³ effective harmonization and transparency of the actions of donor countries; results-oriented management to improve decision-making; and accountability for achieving development results.

In addition, so that the responsibilities and commitments that the document contains are operational, twelve indicators measuring partnership at a national level (between donor countries and partners) are included in order to observe the progress made toward achieving the stated objectives. Thus, the principles embodied in this declaration are directly linked to the MDGs for reducing poverty. These goals recognize the importance of harmonization and alignment of aid between donors and recipient countries concerning development programs, in addition to taking into account the difficulties partner countries may encounter in taking on development such as external or foreign interference. This, however, does not include “measures to promote the empowerment of women, gender equality or human rights, nor does it evaluate the impact of policies or new aid mechanisms based on these premises, despite it being recognised internationally that the Millennium Development Goals will not be accomplished without promoting gender equality” (Fernández-Layos 2008, 3).

The Paris Declaration changes the previous concept of relationships based on the conditionality of aid from donor countries upon the policies of partner countries. However, it is reduced to a technical document that lists some principles and devices to manage and distribute aid and specifies indicators for monitoring and evaluating the effectiveness of aid, but without establishing any priority for the main issues related to development (except in the case of the environment). The gender equality issue is relegated to one paragraph and also integrated into the section on envi-

organized by the Organization for Economic Cooperation and Development (OECD). It was ratified by twenty-five donor countries, eighty recipient countries, and twenty-five institutions.

3. This is how countries are renamed as recipients of development aid in the Paris Declaration.

ronmental sustainability, where it is claimed that, “Similar harmonisation efforts are also needed on other cross-cutting issues, such as gender equality and other thematic issues including those financed by dedicated funds” (OECD 2009, 7). At least gender relations are included as a cross-cutting issue in the process of harmonization (while others vital to the development policies such as agriculture, investment, trade, and debt are excluded from this policy framework). Nonetheless, gender equality, as core trajectory to development, is ignored.

Following discussions by Carmen de la Cruz’s (2008) assessment of gaps and risks that each of the principles of action could lead to in terms of progress toward gender equality, the ownership principle is an opportunity to advance equality. Moreover, this needs to be recognized as central to the development agenda and should be part of open democratic engagement and participation. This involvement in the planning process is key not only for governments, but also civil society and organizations that defend the rights of women and prioritize gender.

In regard to what is referred to as “the principle of alignment,” women’s equality must occur in line with the objectives and policy priorities of partner countries that designate resources for it. Regarding “the principle of harmonization” with other donors, it must not be reduced to a nominal agreement, as there are donor countries that are not very keen to include equality in their policies. In terms of managing the results, no device is provided to permit any such assessment of aid and monitor progress (and setbacks) in terms of equality. Accountability is limited to governments of donor countries and partners but could also include other bodies such as parliaments and even civil society organizations. Finally, the declaration proposes no indicator to assess any possible progress in gender equality.

The Paris Declaration should represent an opportunity to carry out a joint and harmonized strategy among donor countries as regards positioning gender in the mainstream of a results-based management. This would allow a results-based management that visualizes and identifies inequalities in addition to scrutinizing the impact upon women and girls in order to verify that progress is made toward achieving the MDGs or the Beijing Platform for Action. To achieve this requires the indispensable inclusion of gender indicators and gender disaggregated data along with accountability, so that a transparent process is ensured concerning partnerships involving civil society and especially women’s organizations.

Lack of attention to gender equality entails serious problems because, “the new cooperation architecture establishes that aid ought to be distributed in line with national development priorities. However, if national development strategies fail to identify gender as a priority area, there will be no finance to further gender equality, as the majority of aid is channelled through direct budgetary support” (Fernández-Layos 2008, 4). In countries where there is neither a strategy for gender nor for women’s empowerment, organizations that promote women’s equality should be established to monitor government accountability and performance in relation to adopted international commitments. We must overcome the present framework and clearly define the objectives of development policies and set the results to be achieved by, “identifying new opportunities to advance, as much in the definition of a framework of rights as in the inclusion of gender equality as an objective, and not as a development means or instrument” (de la Cruz 2008, 2). Gender equality policies must be transformed from being horizontal policies to becoming a priority in development policy objectives, since the very notion of cross-cutting policies merely deepens its marginal and limited character in development aid programs.

Although progress was considered moderate, the “Third High-Level Forum on Aid Effectiveness,” in Accra (Ghana) in 2008, was a step forward from Paris, thanks to the efforts of different governmental and NGO sectors in terms of gender equality and the empowerment of women. Unlike the case in Paris, where there was little involvement of civil society, in Accra social participation was strong. Here, local people took part, and NGOs were active in the organized forum even before the official celebration, despite the fact that their proposals were not always reflected in the final approved document.

For the first time in Accra, donor countries, partner countries, and civil society organizations jointly analyzed the progress made in implementing the Paris Declaration and agreed on a new agenda. The Accra Agenda for Action (AAA) consists of thirty-two paragraphs (OECD 2009). Only three of them include a commitment to gender equality and recognize that policies must systematically and consistently address this aspect because, “Gender equality, respect for human rights, and environmental sustainability are cornerstones for achieving enduring impact on the lives and potential of poor women, men, and children” (paragraph 3). In addition, donor countries and partners are to undertake programs and policies that “are designed and implemented in ways consistent with their

agreed international commitments on gender equality, human rights, disability and environmental sustainability” (paragraph 13c). Moreover, “at country level, donors and developing countries will work and agree on a set of realistic peace- and state-building objectives that address the root causes of conflict and fragility and help ensure the protection and participation of women” (paragraph 21b). Recognition, as noted in paragraph 23a, of the importance of improving systems of statistical information disaggregated by gender, region, and socioeconomic status is necessary for the design, implementation, and evaluation of policies.

Despite these notable improvements, there are still shortcomings. While the importance attached to human rights, gender equality, and environmental sustainability is an improvement compared to Paris, they are still only considered cross-cutting themes whereas they should be prioritized in policies with clearly stated objectives. New disaggregated indicators are needed to monitor the agreed commitments and, to this end, recipient countries need financial support to produce and develop decent information systems. This could help to establish clear objectives (that were not present in Accra) that not only measure progress in gender equality, but also evaluate policies.

The “principle of ownership” is still not incorporated into a mainstream democratic trajectory, even though it is suggested that the governments of partner countries should assume more leadership through the involvement of parliaments and citizens’ associations. Additionally, while donor countries are committed to increasing the capacity of all actors involved in development, they do not get to specify how to finance the participation of civil society. Nor is there a commitment to ensure their participation at each stage of the national development processes. In addition, the AAA, “doesn’t identify new mechanisms or new indicators to evaluate the progress of commitments undertaken at Accra. With the principle of ‘ownership’ reduced once more to the existence of Poverty Reduction Strategy Papers (PRSP) and the plans of related governments” (Craviotto 2008, 4), which are mechanisms that give priority to creditor countries.

Accra attaches greater importance to the principles of transparency, accountability, and how partner countries should conduct public and transparent management—or how donor countries should report on the volume, allocation, and results of development expenditure for recipient countries in order to improve their budgets and audits. It does not, however, include the mechanisms necessary to consider whether the aid is

in line with national priorities. This is not well reflected in Accra, and moreover:

it fails to identify mechanisms to monitor to what extent the allocation of aid corresponds to national priorities and people's needs, and whether it contributes or not in terms of a positive impact on the agenda of gender equality, human rights and sustainable development. The obligations based on regional and international agreements on development, gender and development and human rights should be the normative and organisational framework of accountability in the aid system. (Cra-viotto 2008, 5)

Despite pressure by civil society organizations and developing countries, the Accra document recognizes the link between ownership and conditionality as a policy measure to improve aid effectiveness when, on the contrary, it should have been committed to reducing or even eliminating this conditionality. This is the best way to, "strengthen mutual responsibility, accountability and transparency of donors and southern countries towards their gender equality and Human Rights commitments at regional and international level. Aid assistance should truly support national owned plans towards implementing these commitments, rather than imposed them" (Alemany, Hopenhaym, and Knab 2008, 92).

Although little progress was made in Accra, it represented a step forward in the development of women's equality and empowerment, making both donor and recipient countries responsible for implementing commitments. Nevertheless, organizations that defend women's rights must continue to monitor and press for such implementation. To make equality a priority in cooperative policies, greater political commitment is needed to allocate the necessary resources in order to achieve stated goals. A change in the philosophy that finances "programs instead of projects" would provide more opportunities for sectorwide approaches and play an important role in gender equality—especially since gender inequalities are a constraint to development, hindering the MDG to eradicate poverty.

Conclusion

The problems of unemployment and falling incomes are expected to cause reduced social spending. Much of the effects of this crisis are common to other economic downturns, such as foreign debt or past financial crises in Mexico, Southeast Asia, and Argentina. Past experience and analysis of recent decades manifest the importance of insisting that measures be

taken to alleviate the economic crisis that include an assessment of gender. They must take into account the unequal impact the crisis can have on women and men, respectively, due to their place in the economy and society. Such measures must eliminate the notion that policies are gender neutral and instead incorporate gender into the design of programs to advance equality.

In times of crisis, development aid should be geared towards providing quality public services and facilitating implementation in areas such as health, education, access to water, and sanitation services that directly affect the work assigned to women. Due to the economic crisis, it is likely that government deficits will lead to reduced official aid for development. Looking ahead to the “Fourth High-Level Forum on Aid Effectiveness,” to be held in Seoul in 2011, it would be prudent to reform the new architecture of aid in order to mitigate the negative effects of the crisis and, in particular, to avoid women being those most affected by potential cuts.

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New Dimensions in Humanitarian Action: Conflict-sensitive and Gender-focused Aid

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This chapter analyzes some of the challenges humanitarian action faces in armed conflict and postconflict situations during the post–Cold War period, as well as the major recent debates surrounding these challenges, especially the use of humanitarian action as a peacebuilding tool,¹ and the incorporation of a gendered approach. Humanitarian action has traditionally been a type of international aid separated from development cooperation by historical origin, objectives, time frames, operative mechanisms, fundamentals, political implications, and so on. Since the early 1990s, however, it has undergone a dramatic transformation through the shaping of “new humanitarianism,” a concept that has broadened the objectives of classic humanitarian action, by assuming also those of development promotion, human rights, and peacebuilding. Likewise, growing attention has been paid to planning and implementing aid that takes into consideration the impact that disasters and conflicts, as well as humanitarian action itself, have on power relations between men and women.

Thus, humanitarian action has gone from being merely palliative to supporting long-range political processes. This transformation has been stimulated by the fact that a large portion of humanitarian action today is directed toward war or postwar contexts, which has generated enor-

1. Call and Cook (2003, 240), define “peacebuilding” as the “efforts to transform potentially violent social relations into sustainable peaceful relations and outcomes.”

mous challenges. As a consequence of all this, aid has been politicized through being subordinated to Western donor foreign policy and security agendas.

Our analysis of humanitarian work in the interest of peace needs to be carried out in the light of the changes experienced during the post-Cold War period on at least three levels: the appearance of a relatively new typology of armed conflicts that are the main triggers of humanitarian crises and the context in which a large portion of humanitarian action is implemented; the profound transformation of the nature, methods, and goals of humanitarian action along with the shaping of “new humanitarianism”; and an international context characterized by the expansion of a “liberal agenda”—democracy and a market economy as well as the so-called global war on terrorism after 9/11.

As we will see, in the 1990s the idea was introduced that all aid operations in conflict situations exert an influence over them, whether positive or negative, voluntary or involuntary. A double objective was thus formulated: eliminate the negative effects that aid may have on the conflict, while fostering its positive effects as a peacebuilding instrument. At the same time this conflict-sensitive approach was formulated, humanitarian aid was also assimilating a sensitive approach toward gender from a similar assumption: in one way or another, all aid affects gender relations, which is why they should be incorporated into aid planning.

Changes in Conflict Typology and Humanitarian Action

The end of the Cold War led to a certain (and disputed) change in the typology of armed conflicts, as well as in humanitarian crises. In fact, a proliferation of complex political emergencies (CPEs)—the most serious type of humanitarian crisis—occurred, characterized by the collapse of the state and the formal economy, civil war, famine, population exodus, and epidemic crises (Cliffe and Luckham 1999). These are systematic crises that reflected the failure of both a political model and socioeconomic development, motivated not only by internal factors (as many analyses tend to stress) but also by global factors relating to the international economic and political order.

Given that they are crises ultimately derived from problems associated with underdevelopment, their analysis has contributed to the gradual linking of agendas in two fields: security and development. These areas, while historically separate, have crossed paths in both theoretical analy-

sis and in political practice since the 1990s (Duffield 2001, 2007). Such a convergence of agendas was due largely to the growing awareness that the majority of these civil wars and the humanitarian crises they created were very closely related to problems of underdevelopment. This convergence, and the complementarity itself of security objectives and human development, gave rise in the early 1990s to the “human security” concept (Pérez de Armiño 2007).

Furthermore, once bipolar confrontation of the Cold War ended, the United Nations (UN) was more able to become involved in armed conflicts. This led to a proliferation of “peace operations” and so-called humanitarian interventions (military interventions justified by humanitarian reasons), in which a large portion of humanitarian aid is provided. Thus, NGOs and humanitarian agencies have been increasingly involved in conflict and postconflict situations since the early 1990s, which has encouraged them to expand their mandates in order to also incorporate the peacebuilding support mission.

All these changes took place in a very specific historical and political context, characterized by the end of the Cold War and neoliberal globalization. Consequently, the international peacebuilding and conflict prevention strategy has been adapted from the liberal agenda paradigm, as the implementation of parliamentary democracy and free market economy models (Tschirgi 2004, 10).

This liberal normative approach dating from the 1990s (and which some have called an “ethical foreign policy”) relied on the support of important UN documents such as *An Agenda for Peace* (1992) and *An Agenda for Development* (1994). Likewise, it was reinforced and justified by three emerging theoretical approaches: one that promoted the beginning of (civil and political) human rights in international relations with regard to the principles of state sovereignty and non-intervention; the controversial discourse on “failed states”; and, already in the new millennium, the thriving concept of a “responsibility to protect.”

All these normative elements, based on universal principles like human rights, accounted for a certain Kantian cosmopolitan approach to the international agenda during the 1990s that influenced the conception of peacebuilding. However, 9/11 seriously weakened this vision, encouraging unilateralism and intensifying previous tendencies in peacebuilding. It was no longer seen as a key to human security but was conceived

of as essentially a military issue related to nation building, regime change, and even counterinsurgency (Goodhand 2006, 81).

These changes have been accompanied by several relevant theoretical debates. The first of these concerns the causes of recent civil wars. Among these, the most common since the 1990s have been wars in countries controversially labeled “failed states” (namely, where the formal economy collapses and the state ceases to be operative in at least some regions, which then come under the control of “warlords”). For authors like Mary Kaldor (1999) they are “new wars,” because they have brand-new characteristics with respect to classic interstate warfare (increase of irregular armed groups, very harmful military strategies for civilians, lengthy and low-intensity in character, confusion between military and criminal actions). For others, like Mark Duffield (2001), such characteristics are not so original. Rather, what distinguishes them is the condition in which they are produced: neoliberal globalization.

As a result, present-day domestic wars are particularly destructive, especially for the civilian population, since they destroy a large part of people’s economic activity and livelihoods, force them to emigrate, paralyze social services, promote famines and epidemics, and break up communities. In short, civil wars have been the principal cause of the most serious contemporary humanitarian crises.

There has been much debate among scholars on the causes of these wars, which can be reduced to three aspects: *identity*, centered on the exacerbation and manipulation of feelings of ethnic belonging or the like; *political*, referring to the institutional weakening in many countries that end up becoming fragile or failed states; and *economic*, relating to the tensions that cause socioeconomic differences to increase, to the struggle for control of natural resources, or to the “political economy of war,” (i.e., economic activities that fund adversaries and make powerful sectors rich, thereby encouraging the conflict to continue).

Another theoretical field concerns debates on rethinking humanitarianism. Since its beginnings in the mid-twentieth century, humanitarian aid focused on two types of urgent and short-term goals: the provision of basic goods and services in order to save lives and alleviate the suffering of disaster victims, and the protection of victims’ rights and dignity. All this required an adherence to “humanitarian principles” such as neutrality (in the face of adversaries), impartiality (in aid provision), and independence (of humanitarian actors). However, during the 1990s, this “classic

humanitarianism” was progressively replaced by the “new humanitarianism,” which exhibited changes in its objectives, fundamentals, instruments, and even political involvement.

The gestation of this new approach had to do with the fact that a large part of humanitarian action began to be implemented in CPE conditions, which raised new and difficult challenges for it; governments growing interest in humanitarian aid serving their international agendas; and the proliferation of criticism received regarding the aid. Some of this criticism centered on organizational and technical aspects, such as inefficiency and disorganization, but there were three more profound charges: the merely palliative and short-termed nature of the aid prevented it from responding to the structural vulnerability or root causes of the crisis; the aid given during conflicts sometimes contributed to prolonging and aggravating such conflicts; and the principle of neutrality in conflicts was difficult to maintain and even immoral in the face of practices such as genocide or ethnic cleansing.

Humanitarian action has, then, taken on more ambitious and long-term objectives than in the past—development, peace, and human rights—consistent with promoting processes of a social and political nature. The result has been that humanitarian aid, conceived of as independent and apolitical in its classic version, has responded to a comprehensive political strategy of donor countries, to become one more instrument of their foreign policies, under principles of increasing importance such as “coherence,” “integration,” and “convergence” (Lange and Quinn 2003, 14). Moreover, this politicized new humanitarianism, because it was dependant on the agendas of donor governments, was also frequently subjected to a certain militarization (Hoffman and Weiss 2006, 143).

These trends continued after 9/11, with many countries using humanitarian aid as an instrument for the “global war on terrorism,” for example in Afghanistan and Iraq. In these cases, the occupying armies carry out activities they themselves label humanitarian aid (aid distribution, services provision, basic infrastructure reconstruction) with the deliberate objective of winning over the “hearts and minds” of the local population in order to better meet their security objectives (fighting the Taliban, Al Qaeda, and other groups).²

2. For example, with respect to Afghanistan, see Goodhand and Sedra (2010, 79).

This expansion of humanitarian aid's "maximalist" objectives also involved a change in its ethical foundation. Classic humanitarianism was based on a deontological ethic (the "humanitarian imperative" or obligation to provide aid principle). But now a consequentialist ethic prevails, in which aid is provided (or not) according to the analysis made of the context and its foreseeable impact. This change, together with the aforementioned aid politicalization, has led to an erosion of both humanitarian principles such as independence, neutrality, and impartiality, and the "humanitarian space" (humanitarian organizations' ability to act independently and with access to disaster victims).

In response, some authors and organizations have recently proposed a "return to basics," or going back to a "minimalist" palliative and short-term humanitarian action that sets aside other objectives (development, human rights, and peace), as the best way of freeing it from political instrumentalization and of preserving its principles. Others, like Stephen Jackson and Peter Walker (1999), opt for an intermediate and more pragmatic route, acknowledging that, due to the fact that a large part of humanitarian action is directed toward coping with human needs caused by wars, the aid efficiency itself requires dealing adequately with the conflict's dynamics and maximizing the opportunities for sustainable peace.

Peacebuilding in New Humanitarianism

For decades, humanitarian action paid little attention to the analysis of violent contexts, showing a certain "conflict blindness" (De la Haye and Denayer 2003, 49). Nevertheless, in the new humanitarianism framework it has been assumed that all aid intervention in a conflict context carries with it a certain impact over that conflict, whether negative or positive, direct or indirect, deliberate or not. In fact, it was noted as far back as the 1980s that humanitarian action may contribute to prolonging and aggravating armed conflict by providing adversaries with material resources (by looting) and social legitimacy (controlling aid distribution), by stimulating violence for the control of aid, or by increasing certain groups' power. But since the 1990s, the idea has taken root that aid can also contribute to palliating conflicts and to building peace if it is planned out and negotiated in accordance with certain criteria. New humanitarianism has taken on Mary Anderson's (1999) principle of "do no harm," according to which it is better to withhold aid if one suspects that it might have a more negative than positive impact; just like the idea that it is possible to minimize negative and optimize posi-

tive impact in order to contribute to the formation of “local capacities for peace,” which might be termed the “do good” principle.

During the post-Cold War period, the idea was established that humanitarian action should be “sensitive to conflict” in two ways: a “minimalist” approach of not promoting conflict, and a “maximalist” notion of contributing to peacebuilding. For this reason, theories and tools have been developed since the 1990s for conflict analysis and for (humanitarian as well as developmental) aid planning, promoted in large measure by governmental organizations, some donor governments (Norway, Holland, Switzerland, Sweden, the United Kingdom, and Canada), and numerous centers and researchers linked to peace studies, although humanitarian organizations themselves have not played a large part in this process (Schloms 2001).

Of these various analytical tools, two stand out. One is Anderson’s aforementioned “do no harm” approach in the American organization Collaborative for Development Action (CDA). This tool provides a planning matrix to facilitate building local capacities for peace and supporting “connectors” or persons and institutions supportive of peace. The second, known as the Peace and Conflict Impact Assessment (PCIA), was developed by Kenneth Bush and has served as the basis for creating many other tools. It was a tool for evaluating the impact of international aid projects on peace and conflicts, usable by all groups (donors, agencies, NGOs, and local communities).

Those generically termed “conflict sensitive” tools have greatly contributed to analysis and aid planning in conflict conditions. Nevertheless, although many agencies and NGOs embrace these ideas, their implementation has been hindered by several difficulties. One of these is the limited capacity of NGOs, their lack of training, analysis, and learning based on experience (Schloms 2001). The area itself suffers from a kind of “methodological anarchy” (Paffenholz 2005, 5) and conceptual confusion due to the diversity of the existing approaches and definitions. Similarly, the application of these tools is limited to the local area, when in reality many of the dynamics and causes of the civil wars operate on a national and international level.

Another problem is that many initiatives are frequently formulated by the donors and aid agencies with a top-down approach, and with insufficient civil society participation and an insufficient understanding of their culture and local dynamics (Lange and Quinn 2003, 7). One of

the most recent examples of this is Afghanistan after the post-9/11 occupation, where the donors have ignored traditional social structures and their potential for reconciliation, preferring to create a modern civil society composed of compliant NGOs that are depoliticized and mere service providers (Howell and Lind 2009, 725, 728, 732). This exclusion of local structures in favor of NGO formation, found in different postwar scenarios (Sierra Leone, Liberia, Sri Lanka), is part of the ideological and neoliberal political undertones behind international peacebuilding initiatives during the post-Cold War period; a policy that involved importing normative models, socioeconomic development, and political governance similar to that of developed liberal states (Richmond 2008, 296–97).

One of the reasons why NGOs are reluctant to embrace a humanitarian action approach to peacebuilding is that it may lead to its “politicization” linked to a donor’s political strategies. For some, this would contradict the principal humanitarian action mission (save lives and alleviate suffering) and would lead to an erosion of humanitarian principles such as neutrality and independence (Schloms 2001). However, others believe that involvement in local activities to confront and transform conflict “is entirely consistent with traditional humanitarian principles” (Lange and Quinn 2003, 6).

Another threat to humanitarianism in conflict conditions lies in its (especially post-9/11) “securitization” and militarization, which involves the subordination of humanitarian action to security objectives and country stabilization based on the geopolitical strategies of the donors, as well as military involvement in the aid (Duffield 2001, 2007). Afghanistan since the turn of the millennium constitutes the most systematic case where the instrumentalization of humanitarian action and NGOs has been promoted as a political-military stabilization strategy within the framework of the global war on terrorism (Howell and Lind 2008, 729–31).

Finally, one of the main objections to the use of humanitarian action for peacebuilding processes is that, particularly in postwar contexts, it is used today by developed countries as an instrument to establish a “liberal peace”; a Western-like political and economic model, based on a parliamentary democracy and a free market economy, assuming these to be the key to development and sustainable peace. Nevertheless, numerous authors warn that such imposition makes the construction of a locally sustainable peace difficult and even plants the seed for future conflicts. For example, Roland Paris (2004) argues that peace operations in the 1990s boosted the free market and democracy too quickly, without con-

solidating the institutions beforehand that could have buffered the resulting tensions.

Other observers, in turn, raise more fundamental criticism of the liberal peace agenda. One of the most prominent, Oliver Richmond, remarks that, "Peacebuilding approaches have increasingly been co-opted by a statebuilding agenda that reflects a predatory, neoliberal, ideological perspective aiming to justify and enhance the governance of unruly others" (2008, 287). In postwar contexts, donors' peacebuilding initiatives are aimed at establishing liberal systems and institutions that pay very little attention to public policies concerning social welfare and socioeconomic rights, all of which makes the construction of an authentic, viable "social contract" and a locally sustainable, daily peace difficult (Richmond 2008, 287–88, 295–300). Similarly, Michael Pugh, Neil Cooper, and Mandy Turner warn that current peacebuilding in postwar scenarios involves imposing a universal free market economy model by means of massive economic and social change, granting privilege to private over public goods, and whose imposition is a result of a lack of democratic control over such processes (2008, 3, 7).

In short, donor countries promote peacebuilding processes in many postwar scenarios as a tool for neoliberal globalization. Furthermore, several authors stress their use also as an instrument of the North's domination in so-called failed states (Yannis 2002); as a form of Western imperial interventionism to pacify peripheral and unstable regions of the world that threaten the stability of the system's center, additionally reinforced by the justification that the fight against international terrorism provided after 9/11 (Duffield 2001).

The Gendered Perspective in Humanitarian Action and Conflicts

In the framework of new humanitarianism, another challenge that humanitarian action faces is incorporating a gendered perspective, in line with its ambition to contribute to development, human rights, and peace. This challenge has only been met in part. Much of the need to mainstream a gendered perspective into humanitarian action originates in development cooperation, and specifically the gender and development (GAD) approach, developed by feminist theory in the 1990s. For development objectives, employing gender as an analytical tool gave women visibility and stressed the central importance of how economic, social, and political

inequalities between men and women are not a biological fact but socially constructed, and as such are not unalterable, but transformable.

If previously, within the framework of the women in development (WID) approach, policies and development plans considered women to be an isolated category, a “vulnerable group” that needed looking after, feminist gender theory allowed for recognition of the fact that women’s position in society could not be understood as separate from that of men’s. The GAD perspective emphasized the power relations that underlie the relative condition and position of both sexes. Thus, via the GAD approach, the analysis of gender relations was eventually considered to be a necessary tool in the planning and evaluation of all development intervention and as a central part of the agenda for women’s empowerment (Moser 1993; Kabeer 1994; Rowlands 1995).

During the 1990s, recognition of the importance of gender analysis in development combined with a growing concern for the spread of armed conflicts at the international level. As noted, most armed conflicts at the time were internal and involved a variety of state and nonstate actors, and the civil population became the main target of violence. In these contexts, it became evident that men and women faced specific violence situations and experiences that derived from the unequal assignment of gender roles and identities. Moreover, the expansion of the humanitarian agenda during the 1990s involved the inclusion of broader objectives linked to aid measures, for medium- or even long-term periods, that would allow more profound transformation processes related to the protection of human rights, peacebuilding, as well as gender equality.

As a result, analysts and practitioners began to question and revise development concepts and discourses in the light of armed conflicts, and at the same time, gaps in the gender analysis of conflict resolution became more evident. These gaps represented a clear manifestation of the historical bias in social research in general as regards what was traditionally thought of as “universal,” yet in reality was the result of experience and male discourses. Thus, feminist research on war and peace tried to build up much more comprehensive interpretations of reality in which women were also present as social actors.

Feminist researchers in the field of development studies have been focusing their attention on conflict analysis, raising two central questions with the purpose of orienting humanitarian action in conflict situations: What is the different impact of conflicts on women and on men? And,

in what way can gender relations be a causal factor together with others in the formation or continuation of conflicts? Both in the academic field and among aid actors, the greatest effort so far has been directed toward answering the first question, while studies directed toward the second are still scarce.

In reality, in the last few years a growing empirical body of knowledge has been produced on the situation of women in conflict zones that has given a voice to the variety of their experiences and roles during and after conflicts; above all as victims of a specific gender-based violence (GBV) and most victims among refugee and displaced populations; but also as supporters of violence, as well as active subjects of peacebuilding and postwar rehabilitation. This identification of women in armed conflicts (their activities, the nature of their experience, their participation in the situation that surrounds them, and the meanings that they attribute to it), has allowed an increasing level of international awareness about the way in which gender determines the different impact of violence on men and women. Similarly, it has led to the discovery that armed conflicts tend to create transformations in gender relations that can extend from its destabilization up to its redefinition or readjustment.

Among humanitarian actors, the UN High Commissioner for Refugees (UNHCR) was one of the first agencies to try to incorporate the GAD approach planning its interventions. In particular, the UNHCR designed the “People Oriented Planning” (POP) framework in 1992, which consisted of determining the division of work and gender roles before and during a refugee situation or displacement, an analysis of the use and control of resources on the part of women and men, and an analysis of different economic, institutional, legal, and socio-cultural factors that influence the roles and responsibilities of men and women.

Another of the fundamental analytical tools developed in emergency aid contexts is Mary Anderson and Peter Woodrow’s (1989) Capacities and Vulnerabilities Framework (CVF) that suggests increasing people’s capacities and reducing their vulnerabilities in crisis situations through emergency aid directed toward broader development objectives. The incorporation of a gendered perspective in this framework consisted of dividing up the sexes by three distinguishing types of capacities and vulnerabilities: material, social, and attitudinal or psychological. The premise was: “given that inequalities based on gender, race/ethnicity, or class affect certain groups’ access to material resources, reduce their possibility of organizing or participating, or lead to their dependence and victim-

ization, categories such as gender, class, or race/ethnicity should always be incorporated into these groups' capacities and vulnerabilities analysis" (Murguialday 2001, 282).

On an international level, these efforts to analyze gender dynamics in emergency situations received important support during the final report of the Platform for Action at the Fourth World Conference on Women, held in Beijing in 1995. This report that included for the first time a specific thematic area on armed conflicts underlined the need to incorporate a gendered perspective in humanitarian aid and to ensure "that the international community and its international organizations provide financial and other resources for emergency relief and other longer-term assistance that takes into account the specific needs, resources, and potentials of refugee women, other displaced women in need of international protection and internally displaced women" (United Nations 1995, 63).

Multilateral, bilateral, and NGO agencies have continued revising their own politics and practices along these lines in order to facilitate the incorporation of gender as one of the variables to consider when planning and implementing their interventions. As a result, in the last few years humanitarian action actors in conflict situations have produced numerous directives, action guidelines, and so on intended to improve their analytical capacity, direction, and execution of their field projects. One important example is that of the Inter-Agency Standing Committee (IASC 2005), which created the "Guidelines on Gender-Based Violence Intervention in Humanitarian Settings" that covers areas such as protection (legal, social, and physical), human resources, water and sanitation, food security and nutrition, shelter, health and communal services, and education.

Nonetheless, despite such efforts, humanitarian aid in conflict contexts continues to be insufficiently receptive to the systematic introduction of gender in its planning. One excuse for this is that the immediacy of a required response to an emergency situation makes the consideration of gender questions unnecessary or at least secondary at the time of planning and executing the interventions. However, the introduction of a gendered perspective precisely at a time of crisis is a necessary tool in order to understand how being a man or a woman helps define people's vulnerabilities and capacities in the face of a specific situation. Moreover, there may be times in which, given their distinct priorities and needs, women and men would be better supported by the provision of different resources,

and furthermore, it may be necessary (generally it is) to make additional investments to guarantee that women's voices are heard (UNDP 2003).

Conclusion

New humanitarianism expanded humanitarian action's classic mandate during the 1990s to incorporate peacebuilding among its objectives (in addition to the promotion of human rights and development). Likewise, it has begun to pay growing, albeit still insufficient, attention to a gendered perspective in humanitarian action's planning and peacebuilding. Within this context, different and generically termed "conflict sensitive" approaches, as well as operative and analytical tools, have been developed. Their task is to equip humanitarian action with the capacities necessary for a double objective: the minimalist notion of reducing the risk that encourages conflict (do no harm); and the maximalist idea of optimizing the potential to contribute to peacebuilding (do good).

However, it is not clear if humanitarian action is really in a position to satisfy both objectives. As regards the former, it is widely accepted that NGOs and humanitarian agencies need to develop their capacities and skills so that their work in conflict conditions is more effective, and that such a minimalist approach does not aggravate them. Nonetheless, the idea that humanitarian aid has to and is able to assume a more explicit role as a peacebuilding instrument is more controversial (Goodhand 2006, 98; Lange and Quinn 2003, 5).

Some authors, like Lange and Quinn (2003, 5, 23), understand that humanitarian agencies can aspire to more than merely avoiding the negative effects of conflict (do no harm), but can positively contribute to conflict transformation and to peacebuilding (do good) in such a way that their central mandate and humanitarian principles are observed. This requires the incorporation of a "conflict sensitive" approach into their planning and programming that should be based on a continuous analysis of the underlying tendencies for conflict, a provision to adjust to any change, and a capacity to learn about local civil society.

Meanwhile, other organizations and authors, like Michael Schloms (2001), understand that the assumption of a peacebuilding objective contradicts the objectives, methods, foundation, and principles of humanitarian action. Accordingly, some have proposed "a return to basics" or merely palliative aid as the only way to preserve its nature and independence. Yet it is difficult to imagine an aid totally isolated from politics

and capable of evading the dynamics generated by conflicts. The challenge is rather to find a compatible middle ground in which to deal with the conflicts and the structural vulnerability that give rise to humanitarian crises while also preserving independence and other humanitarian principles. In such tumultuous and contradictory contexts as civil wars, only an approach with a certain dose of pragmatism and flexibility is useful.

Yet accepting initially that, especially in postwar scenarios, there is no drastic separation between humanitarian action and politics, there is still the unresolved question of which are the best policies. In other words, which peace helps build humanitarian action? In fact, the principal concerns and doubts about “conflict sensitive” approaches to humanitarian action do not have so much to do with their technical adequacy, but with their practical and political use, carried out for expansion purposes of the liberal agenda and the global war against terrorism. The growing implementation of humanitarian action for such objectives not only seriously threatens its nature and foundations but also neutralizes its potential to build a sustainable and gender-sensitive peace.

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New Challenges for Rural Development Cooperation: Institutionalality and Public Goods

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Translated by Julie Waddington

Rural poverty in the least developed countries is particularly critical. According to the International Fund for Agricultural Development (IFAD 2001), 75 percent of people with an income of less than one dollar a day live in rural areas. Although urbanization is creating enormous pockets of poverty in large urban centers, there are more poor people in rural areas. Furthermore, the rural poor face particularly serious problems because of their lack of visibility, equipment, and basic infrastructures, as well as other specific characteristics that aggravate their exclusion and vulnerability.

For these reasons, some agencies and international bodies have designed different programs aimed at relieving poverty focusing on rural development. However, the results of these programs have, so far, been limited due to strategic and methodological problems. Elsewhere, food security and the need to maximize aid's positive impact are significant for numerous development cooperation strategies. Because of this, many development cooperation programs are still based on the goal of raising agricultural productivity; given that this is the main economic activity in rural areas of the most underdeveloped countries.

However, it is debatable to what extent the agrarian bias and the role of agriculture are relevant in terms of improving the macroeconomic magnitudes that have characterized the main donors' rural development strategies for decades. Different reasons are given for this: the agricultural sector is no longer capable of guaranteeing the development of all rural

areas and improving the life conditions of its populations on its own; international society makes new demands, one of those being a new role for the rural environment;¹ the emergence of new theoretical and methodological arguments for intervention in rural areas; and the existence of new actors on both the international and local scales.

For these reasons, development cooperation strategies aimed at rural development must be reviewed in depth by donor organizations who design development cooperation activities and by those who carry them out. In this way, the “rural challenge” implies a central role for the rural environment in global sustainable development and should directly affect the design of development cooperation policies.

Since the mid-1990s, a new series of development strategies has emerged whose intellectual focus is simultaneously located in both the most and relatively less developed countries. In these new strategies the concept, the method, and the actors stand out: The new conceptual outlook on rural development emphasizes the territorial approach, in which the different sectors of activity and the relations between the rural environment and the rest of society are included. For this reason, the provision of fixed rural public goods is one of the most solid arguments used to justify intervention in favor of rural development. With regards to method, the new proposals stress collective action, both on the scale of each rural area as well as on a wider level, in order to integrate local initiatives in such a way as to generate the critical mass needed to bring about the reconnection of rural areas. Finally, a social demand for decentralization and new forms of governance is facilitating the emergence of a new kind of intermediary actor that can play, or is already playing, a significant role in terms of rural development in different parts of the world.

Rural Development and New Institutionalality

From the 1970s development theories have concentrated on its objectives, and the influence of state and market forces. Some ideas have been based on the assumption that communities would carry out a wide range of activities that would lead to an explosion of transformation processes resulting in improved living conditions (Seabright 1997).

1. Among the different functions that need to meet this new social demand, those related to global food safety, climate change, the provision of environmental public goods, and many other questions stemming from the population boom, stand out.

On the basis of this assumption, the objective of improving rural people's life conditions justified numerous public aid plans and programs and prompted a wide range of international aid proceedings. Thus, for decades different development cooperation initiatives have been formulated on the assumption that they would encourage the involvement of rural communities in their own development. Through this strategy it was expected that collective action would reduce the risks inherent in many rural activities, and that the effects and impact of investment would be multiplied.

However, the first rural development cooperation projects² paid little or no attention to how collective action emerged and was maintained. Many of these initiatives' mistakes and poor results can thus be explained by the differences between theory and reality. Rural development strategies in the past were carried out without establishing differences between the characteristics and potentialities of the different rural areas, thereby explaining their poor results.

A new generation of rural development aid policies should foster collective action *and* adapt to differences between regions as a source of opportunities. The recognition of rural differences has a great practical significance in that it both affects the mobilization of community actors and resources, and that it is also closely connected with the potential of the agricultural sector.³ The role of agriculture in development is closely linked to agricultural crises and processes of rural decline since the mid-1980s. The need to establish new rural institutionality and to improve rural areas' productive capacities is demonstrated by the conflicts generated by agricultural development proposals that seek to secure funds, manage natural resources, and provide public goods.

Rural and Agricultural Development

Rural life is dominated by uncertainty and, to a large extent, by vulnerability. This has led to a wealth of academic theory and intervention models. According to Frank Ellis and Stephen Biggs (2001, 441), thinking on rural development in the second half of the twentieth century was dominated

2. These initiatives received different names including, among others, community development, integrated rural development, and endogenous development.

3. The potential of agriculture not only refers to the agroecological capacity of rural areas. Although this natural potential is very important, experience in recent decades make it clear that, as regards development, other factors must be taken into account such as distribution of land, social cohesion, leadership capacity, spatial distribution of the rural population, and cultural traits.

by a predominantly agrarist approach based on the efficiency paradigm of small-scale farming. The hegemony of this approach explains why a large part of the energy and resources dedicated to providing support at a rural level have concentrated on raising agricultural productivity. The role of the primary sector in development processes produces different effects on society and the areas affected. Among these, distributional effects stand out (von Braun 2005) because of their centrality in arguments both for and against the predominance of the agricultural sector in rural development.

Among the different contributions that analyze the role of the rural environment and propose modes of intervention for its development, that of Michael Richards and colleagues (2003) stands out because of its particular theoretical and practical interest. These authors establish two classification variables: the degree of connection with markets, and the value and volume of assets dedicated to farm-scale production.

Despite a great deal of scholarship on rural development, there is still no internationally agreed upon theoretical body that deals with the role of the rural environment, nor is there any evidence of a clear intention to unify intervention policies in these areas. This deficiency constitutes a serious limitation for development cooperation aimed at rural development. Because of this, in order to propose efficient and viable intervention scenarios, there needs to be a detailed analysis of the agencies' objectives and of the reasons underpinning their different strategies. Moreover, it is important to take into account the great changes that have occurred in recent decades, paying particular attention to the challenges facing rural areas in a globalized world (Ashley and Maxwell 2001, 397).

Meanwhile, the great heterogeneity of rural areas must be taken into account. This heterogeneity is related to their natural resource potential, their business capacity, and the extent of development of their institutions and organizations. However, rural diversity has been, and continues to be, a barrier against wide-scale aid politics due to the difficulty of policy delivery and, thus, for obtaining tangible results in the short term.

Simon Maxwell (2005, 63) raises six questions about the future of rural development and the role of agriculture in it: Can agriculture drive rural growth? Can small farms survive? Can rural nonfarming economy fill in the gaps? Can new thinking on poverty be developed with regard to social protection issues? Can new forms of governance—which move from a discourse about participation to a wider debate about decentralization and political deepening—be created? Can implementation issues

covering rural development planning—especially those relating to conflict—be revised?

Given the difficulties of reconciling performance objectives with the different dimensions of rural problems, two types of strategy have been put forward in the lesser developed countries: that of reducing poverty (FAO 2002a, World Bank 2002, Bardhan 2006); and that of promoting the agricultural exports sector (World Bank 2008). Nevertheless, the disconnection between the logic of these strategies and the poor attention given to other components of rural development processes have resulted in little practical effect. Among the problems that require particular attention, Eduardo Gudynas (2009) highlights the degradation of natural resources tied to poverty and the overexploitation of resources, which goes hand in hand with the most intensive forms of agriculture.

In answer to the different problems experienced in rural areas in countries with different degrees of relative development, the European Commission (1988) and other authors (De Janvry and Sadoulet 2007) have contributed different reflections to the debate about what to do and how to intervene. These contributions are giving rise to new policy proposals and of other ways of understanding intervention strategies with regards to rural development.

Intervention and New Institutionalality

Development cooperation in the most underdeveloped countries must concentrate on aiding the rural poor so that they benefit from regional growth through access to material resources, institutional strengthening, and reconnecting their areas with the economic flows of the most developed zones. But these objectives can only be achieved by looking beyond the short term and investing what is necessary to achieve the necessary regional spillover effects to accomplish wider external effects and on a scale that relocates the rural territories in the economic and social mainstream (Janvry and Sadoulet 2007, 93).

According to Maxwell (2005), rural development has not enjoyed the support of governments and donors it might have expected given the extent of the rural population and poverty. The strategies adopted for decades by the Food and Agriculture Organization (FAO), IFAD, and the World Bank (WB) have not been sufficiently consistent, nor have they generated the desired results. Yet despite—or even because of—this, funding for rural development declined by two thirds in the 1990s (IFAD 2001, 15).

It is, however, promising that many governments and agencies have recently reviewed their rural development policies, favoring more general convergence. According to John Farrington and James Lomax (2001, 536), the key elements that demonstrate this convergence are diversification, decentralization, globalization, and institutional strengthening.

The FAO, IFAD, the World Bank, and the Inter-American Development Bank (IDB), stand out among the agencies that have included new rural development strategies in their programs.⁴ Not only are these organizations changing the landscape of development cooperation in this field, but they are also contributing to the debate on the relevance, and the most efficient way, of public intervention in favor of the rural environment.⁵ For its part, the European Union (EU) devised the LEADER rural development program in the 1990s. This program, initially enacted within EU territories, shows great potential for development cooperation initiatives in other regions (Saraceno 2002). Canada's experience with its Rural Development Networks (RDN) has evolved, through the International Rural Network (IRN), to improve the participation of rural communities in development processes and establish mechanisms for sharing experiences and joint capacity building.⁶

One of the key arguments underpinning the importance of intervention in favor of international agriculture and the rural environment is the concept of *multifunctionality*. This term was initially used to theoretically interpret the joint production of agricultural products and public goods that are not remunerated in the market or that are not adequately compensated. On the basis of the initial definition of *agricultural multifunctionality*, the concept was expanded to rural areas and to their capacity to guarantee the provision of fixed territorial public goods, especially by way of environmental services (*rural multifunctionality*).

4. These institutions' contributions are cited accordingly in the bibliography.

5. For a comparative and synthetic analysis of the contributions made by the WB, FAO, and IFAD, see Maxwell (2005, 67). Janvry and Saloulet (2007, 94) also compare rural development strategies, examining the EU LEADER programs and the Community Empowerment program of the United States Department of Agriculture (USDA), versus different strategies in Brazil, Guatemala, Chile, and Peru.

6. More detailed information on the IRN can be obtained at www.international-rural-network.org/. The Latin American Centre for Rural Development (RIMISP) offers a wide range of rural development initiatives based on the experiences of the EU and Canada, which both favor collective action principles. For more information see www.rimisp.org/inicio/index.php.

Toward a New Rural Institutionalality: The LEADER Experience

Among the failed intervention efforts for rural development during recent decades, those that lacked the automatic involvement of rural communities stand out. Additionally, the world today is very different to how it was twenty or thirty years ago, therefore the role that the rural environment hopes to play in global development has also changed significantly. Thus, development cooperation strategies must take all this into account.

In this sense, some authors speak of “new rurality” (Pérez, Farah, and de Gramont 2008) as the basis for a new research agenda, while others consider the territorial focus of rural development (Janvry and Sadoulet 2007) as a way of combining the aims of improving productive capacities with the construction of rural institutionalality, and strongly linked to collective action initiatives for new governance.

These proposals are based on research and initiatives that consider collective action in relation to cooperation and rural development (Bandiera, Barankay, and Rasul 2005), or with new forms of governance and its relation to local development (Ostrom 2007). The debate about the state’s role has at the same time been revived, although on this occasion the central question is how to bring together and combine traditional *top-down* initiatives with the new *bottom-up* proposals based on the principles of collective action.

According to Ruth Meinzen-Dick, Monica Di Gregorio, and Nancy McCarthy (2004, 198), there are three main problems concerning the analysis of collective action and that therefore affect its efficient application: its conceptualization; the development of an analytical framework for studying it; and the application of the analytical framework to empirical research. For these authors, advances need to be made on all three fronts in order to design and apply a new generation of efficient rural development policies in which collective action must be an essential element of strategies.

The EU’s LEADER program is of particular interest for new development cooperation strategies aimed at the rural environment, given that it combines solutions to the different intervention problems.⁷

7. LEADER’S seven main points can be found at: <http://ec.europa.eu/agriculture/rur/leader2/rural-en/biblio/spec/sub21.htm>.

Public Goods and Rural Development

Global challenges like the financial crisis, climate change, immigration, terrorism, and so on demonstrate the limitations of the current political structure based on a multipolar nation-state system. Indeed, through the increasing role of the media, the growth of information and communication technologies, and the globalization of habits and ways of life, global social change accelerates *social time*, which limits the scope for political leaders and administrations to confront modern societies' increasingly complex problems in a reflexive and strategic way (Innerarity 2009).

This change is reflected in new demands that are changing the relationships between agriculture, the rural environment, and society on all sides. For most people in developed countries, the rural environment is no longer inhabited by a significant proportion of its population and has become an important asset as a depository for a wide range of both environmental (landscape, biodiversity) and cultural (historical-artistic heritage, traditions, languages) resources.

Within this context, some developed countries are reformulating their public intervention agendas concerning agriculture and the rural environment in order to respond to new global challenges and social demands. In the EU, for example, there is debate over the future of the Common Agricultural Policy (Ramos and Gallardo 2009) and a rethinking about the role of the public action of community institutions and their necessary coordination with the policies of the twenty-seven member states. This is an attempt to resolve the growing dissension among member states concerning the appropriate measures to face the economic crisis efficiently, following the failure of the Lisbon Strategy (European Commission 2010). Opinion is growing that insists on the need to link aid policies to the primary sector and to the rural environment with the provision of public goods on the part of agriculture and the rural environment (Malagón 2009).

Agricultural and rural public goods are positive externalities that are generated by way of joint production processes. Fixed goods and services are generated simultaneously and inseparably from foodstuffs and raw materials.⁸ Local, regional, national, and transnational public goods are

8. These public goods are noncompetitive and nonexclusive, although they may differ over the extent of their competitiveness and exclusivity.

referred to depending on their characteristics and, above all, according to their location and their effect on the territory.

Development aid support for the provision of public goods has attracted the interest of academics (Sandler and Arce 2007; López 2005) and multilateral bodies (FAO, The World Bank, UNDP) that have been mainly concerned with transnational or global public goods,⁹ whose external effects, in many cases, are not limited to the receiving countries but, rather, reach donor countries as well. Todd Sandler and Daniel Arce (2007) establish five sectors in which development aid should be linked to the provision of public goods: the environment, health, governance, knowledge, and peace and security. Many of these public goods are linked—directly or indirectly—with one of the Millennium Development Goals and their specific objectives.

Agriculture and the rural environment are significant providers of public goods such as the conservation of agricultural biodiversity, farmers' wealth of knowledge, protection of watershed, and carbon absorption. But agriculture can also generate negative externalities due to the inappropriate use of resources or to environmentally inappropriate agricultural practices. Currently, agricultural ecosystems are the planet's largest managed ecosystems: crops and pastures make up almost 40 percent of the earth's land area, with another 30 percent taken up by forests and wooded areas. These ecosystems supply important services, but they are under increasing pressure because of the combined effects of the economic globalization process, population increase, and the accelerated economic growth experienced by some regions in recent years.

Farmers may contribute to the supply of these environmental services in different ways: by way of changes in production systems (changing practices in order to achieve environmental goals, for example, by not burning crop residues), or by maintaining or changing their land use (preserving forest or reducing the area dedicated to traditional farming use). However, this does not happen spontaneously and instruments need to be designed to motivate agriculturists to provide society with these services.

9. Global public goods are those whose benefits are truly universal in relation to countries (given that they concern more than one group of countries), people, (for the benefit of various and, preferably, all groups in a population), and generations (of concern to both current and future generations, or that they at least satisfy the needs of current generations without jeopardizing the development opportunities of future ones).

Some of the most widely used instruments for encouraging this participation have been payments for environmental services (PES). These are part of voluntary transactions in which a clearly defined environmental service (or a particular land use that ensures this service) is acquired by at least one buyer from at least one provider, and they only become effective when the provider can guarantee the provision of the service that is the object of the transaction.¹⁰ Although the PES and other environmental programs are not specifically directed toward the reduction of poverty in rural areas, these kinds of programs can produce significant synergies with other projects when they are underpinned by appropriate designs and when local conditions are favorable (Pagiola, Arcenas, and Platais 2004). These effects can also be extended to farmers who do not participate in the programs.

Farmer participation in this kind of program is usually conditioned by the opportunity costs of new environmentally friendly agricultural practices. These costs vary significantly depending on the agroecological conditions, the characteristics of the agricultural systems, the technology used, the level of economic development, and the normative framework.¹¹ However, the participation of poor farmers in these kinds of programs may be limited due to their lack of resources (land, credit), the absence of documentary proof of land ownership, their lack of technical capacity, or the high costs of transactions for preparation, design, research, selection of participants, creation of institutions, administration, dissemination, technical assistance, and so forth.

The lack of attention given to environmental improvement has been another factor in rural development programs that have concentrated mainly on the alleviation of poverty and on food safety (IF AD 2009).

10. The core idea of the PES is that external beneficiaries of environmental services pay local landowners and users in a direct, contractual, and certain way for adopting practices that ensure the conservation and restoration of ecosystems. These external beneficiaries may be public (administrations), or private (for example, farmers in lower river basins who pay those higher up to adopt agricultural practices that conserve the quality of the water). The different existing modalities of PES bring with them different mechanisms, institutions, and actors who are involved (both agents who are directly interested and intermediaries). The three main kinds of PES are direct payments (that can be made by public or private agents), compensations (such as the right to emit carbons), or certification programs for agricultural products (for example, ecological production; FAO 2007a).

11. See the Food and Agriculture Organization of the United Nations (FAO 2007b) for an evaluation of the opportunity costs of productive factors in the face of changing land use in order to improve the provision of environmental services.

Because of this, the priority given to the provision of public goods signals an important turning point in rural development policies for developing countries. Nonetheless, the reality of global environmental challenges and the relevance of other public goods (education, safety, health, research) as determining factors in the process of sustainable development depend on the emergence of new approaches and instruments that help to address the new challenges that cooperation policies confront without detracting from their traditional goals. According to Ramón López (2005), development aid for agriculture must be aimed at the provision of these public goods, as this will guarantee better rates of return from the aid programs. However, in many cases the institutional weakness of rural development policies and programs, and support for the primary sector, reflect the pressure of private interest groups that affect their efficacy and their capacity to promote development.

Support for the provision of public goods as an instrument of development policies depends on the creation of institutions capable of responding to the interests and well-being of the whole population, and in particular to the most disadvantaged groups. From this perspective, rural communities with fewer resources will cease to be mere transmitters of the options of the more organized and influential interest groups.

Consequently, the establishment of development processes for improving governance takes on particular importance in new development cooperation strategies aimed at the rural environment. These processes could begin by trying to reduce transaction costs or other management costs derived from the execution of programs for the provision of very specific environmental services (or other public goods). Subsequently these processes would be extended. For all of this, the provision of public goods requires an institutional architecture capable of bringing together different agents that work on the land in a balanced way.

Conclusion

The reduction of rural poverty is an internationally agreed upon priority and should therefore form a central part of cooperative development. Yet there is no consensus on how to achieve this objective. The main reason for this lack of international agreement is the absence of a widely accepted conceptual framework on the role of the rural environment in development processes, and on the way in which these processes should be executed and supported. The heterogeneity of rural areas and the different roles

at play in the accumulated processes of the different countries means that it is very difficult to achieve uniformity. Because of this, scattered unique projects predominate and this explains why there has been little advancement in terms of common criteria in the design of real rural development policies. These reasons may explain why rural development initiatives are poorly funded and low on the agendas of governments and multilateral agencies. Rural development should be a priority of cooperation policies, but the international cooperation system has used it more as an instrument for other objectives than as an objective in itself.

However, different conceptual proposals have emerged since the turn of the millennium and a consensus appears to have been reached on the role of agriculture; the need for institution building; the need to improve productive capacity; and the importance of considering rural development as part of global development processes. In this way, this new consensus highlights the importance of collective action and the new role of the rural environment in sustainable global development.

Thus, the new generation of cooperative development strategies with regards to rural development must be based on projects that are adapted to rural areas' heterogeneity; promote different productive sectors (not only agricultural); strengthen institutions and cooperation among local agencies; and are consistent with other policies aimed at reducing poverty. The increasing importance that the rural environment has as a provider of public goods should also be added to these four elements, particularly environmental goods that are reconfiguring its social space within developed societies. While productive priorities linked to satisfying basic needs still prevail in developing countries, in the near future the need to tackle global environmental challenges will mean that donors' rural development policies and agendas will have to incorporate these questions as part of their core ideas.

In this sense, public intervention in agriculture and the rural environment needs to abandon partial or sectoral ideas, or approaches that are merely *for assistance*, for the support of sectors or specific groups (not the most underprivileged ones), and instead emphasize the provision of public goods (that may be linked to environmental services, but also to research, education, health, or infrastructures) that might enable the beneficial effects of policies to be spread further and to reach those collectives who are in most need of them, with the aim of achieving socially desirable goals.

The discourse of some agencies and multilateral agencies seems to have taken on this approach. Nevertheless, their consistency in actions with regards to this discourse requires in-depth analysis, as does their degree of legitimacy and relevance (usefulness in terms of resolving real problems) for confronting a global agenda that finally addresses the reduction of poverty as an international priority.

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Communication and Development: From the MacBride Report to the Congo Wars

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Within the development context, communication may be seen in two different ways. It can serve to define and implement strategies of development in the service of economic, social, or cultural goals. Yet it may also be seen as involving the creation and development of communications media (print media, radio, television, and internet) that facilitate the flow of information necessary in order to strengthen both institutions and democratic practices.

Both of these aspects have been an object of concern since the 1970s, especially in discussions regarding the New World Information and Communication Order (NWICO) that were collected in the MacBride Report (MacBride Commission 1980).¹ The MacBride Report was the second large-scale effort to arrive at a global agreement regarding information and communication after the United Nations (UN) had attempted to do so on the occasion of the Universal Declaration of Human Rights in 1948. More recently, there was third attempt to reach some form of agreement in 2003 and 2005, in Geneva and Tunis, in conjunction with the World Summit on the Information Society (WSIS; Padovani 2005).

It seems as if the issue of global information and communication reemerges in international forums every thirty years. Because of the press-

1. The name popularly given to the report of UNESCO's International Commission for the Study of Communication Problems, chaired by Irish Nobel laureate Sean MacBride.

ing importance of the questions taken up in the MacBride Report (the monopolization, accessibility, and treatment of information)—questions that were skirted during the subsequent WSIS—it seems fitting to revisit the issues taken up in that document, especially those concerning the publishing and distribution of news.

This chapter seeks to analyze the problems that pervade the communications media specifically and the creative industries in general in order to establish the contemporary significance of these problems, as well as the inadequacy of the partial solutions that have been proposed to deal with them. The frame of reference in which such problems are understood has been generally determined by the commercial logic that governs communications media, especially the recourse to advertising as a fundamental means of financing. As long as this frame of reference does not change, important stories will continue to be silenced and censored, and “news” will continue to be produced that has absolutely nothing to do with any normative definition of the value of either the form or the content of the information being conveyed.

The Concerns of the MacBride Report

The NWICO emerged in the 1970s as part of the Non-Aligned Movement (NAM) in response to the doctrine of the free flow of information that was being advocated with special vigor by the United States. For the NAM, such a doctrine served the interests of the richest countries, and of the largest communication conglomerates. For this reason, the NAM called instead for a *free* and *balanced* flow of information and the introduction of balance is what defined the difference between these two viewpoints.

In the 1970s, discussions sponsored by the United Nations Educational, Scientific and Cultural Organization (UNESCO) took place regarding the NWICO that were later published as part of the MacBride Report. This report acknowledged that bias in the flow of information occurred not only at the international level, but also within states and nations: “The question of power and hegemony was introduced, and it was shown that an unequal exchange is a process that is both objective and measurable” (Mattelart 2005, 4).

The publication of the MacBride Report gave rise to considerable criticism. Third World countries considered it to be mainly descriptive in nature in that it did not clarify the origin of the imbalance in communication or analyze the impact of new technologies on communications

systems. But it received its harshest criticism in the industrialized capitalist countries: In general, it was reproached for having gone too far in denouncing the monopolization in the production and control of global information (Nordenstreng 2005).² Yet in general the report exposed a series of legitimate concerns regarding the model of communication that continue to be valid.

The collection of recommendations and problems presented in the MacBride Report can be classified into three broad areas: the global democratization of communication; respect in news policies for values based on the defense of and compliance with human rights; and the guarantee of access for developing countries to technological advances in information.

The MacBride Report warned against the dangers inherent in the fact that communication technologies were gradually becoming concentrated within a select group of developed countries and a number of transnational corporations. It called attention to the influence of the advertising industry on the content produced by media, and proposed that this influence be curbed. On a more proactive note, the report suggested the need for both a diversification of information sources as well as for free access to these sources on the part of the media.

The report held that communication must be fundamentally based on the defense of the values set forth in the Universal Declaration of Human Rights. Taking as a starting point the global elimination of illiteracy and the provision of universal access to primary education as indispensable for the creation of a new world communication order, the MacBride Report cited fundamental values such as a respect for the truth and accuracy of information; the eradication of censorship; and the elimination of news policies that promote discrimination, violence, and war. The report boldly argued that priority be given to designing communication policies based on noncommercial criteria of public service, recommended that a high level of responsibility and prudence be exercised in reporting on global crisis situations and international conflicts, and even declared that it would be fitting if the media would dedicate more space to basic information regarding the international situation as a means of engendering

2. Since the introduction of the NWICO, the United States has associated it with governmental control of the media. The United States saw an attack on its doctrine of the free flow of information in every call on the part of the NWICO for a reduction in the imbalance of the flow of information.

a comprehensive political literacy that would facilitate a greater understanding of international conflicts that threatened world peace (MacBride Commission 1980).

Neglect of the NWICO

The 1980s saw the beginning of the post-MacBride era and a rejection of the report's recommendations, a process accelerated by pressure on the part of the United States and the United Kingdom, which both withdrew from UNESCO. In reality, the NWICO had not been neglected, since it was never implemented in the first place (Tremblay 2005). The nature of discussions on the issue also changed during this decade, from a focus on information flow, national communication policies, and professional rules and practices to an overriding focus on communication technologies and information.

This emphasis on technology characterizes the discourses regarding communication throughout the 1980s and 1990s within a global context of an end to the Cold War, significant technological development, and the triumph of a market-centered focus (with the market seen as the mechanism determining the allocation of resources, especially with respect to telecommunications)—all within the context of increasing globalization. By the 1990s, the information superhighway or the information society became the axis around which all activity revolved at both the national and international levels.

Both the private sector and civil society officially participated in the WSIS, held in Geneva (December 2003) and Tunis (November 2005). The main concern on the part of the private sector was continuing the process of liberalizing telecommunications, harmonizing the various national regulatory systems, and guaranteeing intellectual property rights. Meanwhile, civil society organizations made their own distinctive ethical and social contribution to the information society, especially in terms of the human right to communicate, while defending the promotion of active participation among the general population.

In its alternative declaration to the official declaration during the first phase of the summit, civil society organizations pointed out that the international rules of the game played a critically important role in the economics of global information, that it was not acceptable for global regulation to be controlled by a small number of governments and powerful companies, and that it was necessary to institute decision-making pro-

cedures to facilitate the participation of parties that had previously been marginalized: developing nations, civil society organizations, small and medium enterprises, and individual persons (WSIS 2003a, 2003b).

It became evident at the summit that two mutually conflicting interests were represented. The developed countries sought the construction of a regulatory and fiscal environment that would be favorable to private investment and the reinforcement of network security systems (Idoyaga 2009). In contrast, the developing countries were particularly interested in the financing of the information society, in governing processes, and in questions having to do with access to information.

We can deduce, on the basis of the cross-sectional analysis conducted by Claudia Padovani in which she compared the MacBride Report, the Declaration of Principles of the WSIS, and the Civil Society Declaration, that there are very few elements in common between the first and second of these documents, which are both limited to stating the need for cooperation in order to facilitate access to technology and to information. In contrast, Padovani points out that there is a greater degree of similarity between the MacBride recommendations and the Civil Society Declaration of the WSIS than between MacBride and the official summit document. The concerns of the MacBride Report and of Civil Society have to do with media systems, with those who work within such systems, and with communications in general, and they both embrace the principle that specific regulations and policies are needed in order to rectify bias (Miguel de Bustos 2006, 127–55).

Current Problems in Communications Media

Among the concerns shared by the MacBride Report and the WSIS Civil Society document—concerns that were not reflected in the final summit document—are issues that contribute the erosion of democracy in the presentation of news throughout the world. Such issues remain more relevant today, some thirty years later, than ever before. We are referring here to the explicit commitment to privatization of the communications media at the expense of the public interest, to the growing monopolization within the media, and to the decisive influence of the advertising industry on media content, all of which result gravely compromise the quality of information provided.

Expressing partial agreement with the concerns of the MacBride Report, Edward Herman and Noam Chomsky (1988) presented a semi-

nal critique of the capitalist model of communication. For Herman and Chomsky, communication is subject to filters that determine the selection, publication, and exclusion of news. These filters operate as a function of the capitalist proprietary interests of the media, the predominant role of advertising revenues, the monopolization of sources of information, the pressure of business and political centers of power, and an anti-Communist ideology within the context of the Cold War.

Private Interests at the Expense of the Public Interest: Reduction of Pluralism

The MacBride Report recommended that “in expanding communication systems, preference should be given to non-commercial forms of mass communication” (ICSCP 1980, 260). However, media systems have developed in the opposite direction. Some authors believe that communications media, because they are mainly concerned with financial profit, make any kind of new order of information based on information and communication technologies impossible, and thus do not contribute to the democratization of society (McChesney 2008, 235).

To the extent that newspapers and television and radio stations are companies, profit is clearly the number one priority. The financial magnate Sam Zell made this abundantly clear in 2008 when he addressed journalists working for the *Los Angeles Times*, one of the newspapers owned by The Tribune Company that he had recently acquired. Zell said that he was not in the least sensitive to the importance of newspapers as social institutions and flatly stated: “I’m a businessman. . . . All that matters in the end is the bottom line” (Littleton 2008).

Because financial concerns take pride of place, pluralism is weakened and may perhaps be dispensed with altogether in the interest of reducing costs. Pluralism is also weakened as a result of the decreasing importance of the public aspect of radio and television. Every time a new technology appears, there is a call for it to be implemented in a profit-generating way. In an environment in which public media outlets are viewed with suspicion because they are associated with political patronage and governmental interference, it is difficult for public media to compete on a level playing field in the development of new technologies.

Public television companies were not able to take part in the offer of program packages in the satellite or cable television markets. In some countries, the public radio and television entity participated in the launch-

ing of a private-public initiative, for example in Spain between the public broadcaster Radiotelevisión Española (RTVE) and the private company Telefónica (a telephone service provider). But RTVE soon had to withdraw from this venture because it was not seen as a viable financial partner due to a heavy debt burden that had accrued as a result of cumulative losses. As regards the Internet, even the British Broadcasting Corporation (BBC) has had major problems in launching services. Pressure from Internet content has made the implementation of a public value test (PVT) necessary prior to the launching of any new service. And for such a new service to be approved, it must be evident on the basis of the PVT that it will produce no distortion in the market. However, communication groups have succeeded in assuring the identification of private companies and democratic media, as well as in portraying criticism of large communication conglomerates as attacks on free expression and on free media (McChesney 2008, 347).

Increasing Media Monopolization

The MacBride Report's naïve assertion that, "Press monopolization has been viewed as harmful and dangerous to the readers, the journalists, and the owners of smaller units alike" (MacBride Commission 1980, 105–6) is quite an understatement as regards the prevailing situation today. Ben Bagdikian (2004, 16) notes that there were fifty large companies in the United States in 1983, yet only five in 2004. Manuel Castells (2009, 75–77) refers to seven large media conglomerates that together comprise the nucleus of global media networks, but at the same time recognizes that a similar tendency toward monopolization is taking place throughout the entire world. Robert McChesney (2008, 320) maintains that fewer than one hundred companies (nine hegemonic primary companies and the remainder secondary companies) control a large proportion of the world media market in the broadest sense, from the publication of books to the production and distribution of music, cinema, television, and the print media.

Large communication groups are present in distinct creative industries and in a number of different locations within the value chain. There are a significant number of newspapers and magazines in every country, but a large number of these publications is controlled by very few companies or groups. In some countries, communication groups are directly related to industrial groups. In the United States, the television network NBC is owned by General Electric and the television and film production company Sony Pictures Entertainment is owned by the technology

company Sony. In France, industrial groups involved in the manufacture of military weapons, such as Dassault and Lagardère, controlled 70 percent of the press's revenues in 2004 (Les reseinements généreux 2008). Lagardère directly controls the distribution of print media in France through its affiliate Hachette, which in turn controls NMPP (Nouvelles Messageries de la Presse Parisienne). Of course, industrial conglomerates possess communications media so as to have a stake in profitable industries. Yet one should also bear in mind other important reasons, such as influencing public opinion, applying pressure on governments (in order to gain major contracts or concessions), and reducing negative publicity resulting from their activities.

At the same time that there is intense competition between them for increased market share, the media conglomerates maintain close ties with one another. Indeed, they even have some large shareholders in common. In addition, some of the members of their boards of directors also sit on the boards of directors of large multinational companies in other sectors (McChesney 2008, 320). For multinational communication companies, connections with financial networks are fundamentally important (Castells 2009, 93–94, 444–45).

There is no shortage of examples of how the “financialization”—here used in the sense of the predominance of financial considerations in the management of communication-related businesses—of communication groups reduces pluralism. One notorious example is Edouard de Rothschild's purchase in 2000 of 29 percent of the shares of the French daily *Libération*. In principle, nothing was to have changed, and the daily was to continue to have an independent status that would not be affected by the new shareholder. However, at the time that the deal was closed, Rothschild demanded that a profit margin of 22 percent be attained within five years, as well as veto rights regarding important strategic decisions. In sum, there was a prioritization of profit at the expense of news content, and this led to the editor and founder of *Libération*, Serge July, leaving the paper. Rothschild's continued financial commitment was in fact conditional on July's leaving the paper, and he installed his own hand-picked editor (Hallimi 2009).

A small group of international press agencies also play a key role in the monopolization of global information, especially Associated Press (AP) and Reuters. These two agencies, along with the second-tier firms Agence France-Presse, Bloomberg, Dow Jones, and Getty Images, control the broadcast and publication of 70 percent of world news (Castells 2009, 98).

Equally decisive in the process of monopolization is the fact that the four large holding companies that are in the business of advertising communications and public relations (WPP, Omnicom, Interpublic, and Publicis) exert a hegemonic influence in the world advertising market, where they control 30 percent of market share (Mandese 2002, 8). Taking into consideration the fact that the most important media conglomerates obtain more than half of their profits from advertising, as well as the fact that these very conglomerates are among the companies that, on a global scale, invest the most in advertising, it is not surprising that there are close relationships between the two sectors (McChesney 2008, 317). In fact, as Alan Gottesman, managing director of West End Communications pointed out in his comments on the merger of Publicis and Saatchi & Saatchi, “Mega-agencies are in a wonderful position to handle the business of megaclients” (Elliot 2000).

The Decisive Role of Advertising

According to Patrick Le Lay, Managing Director of TF1 (the main national French TV channel), “There are many different ways to speak about television. But from a ‘business’ perspective, we need to be realistic: the mission of TF1 essentially consists of helping Coca-Cola, for example, to sell its product. . . . On the other hand, for a commercial to be noticed in the first place, it is important that the brain of the viewer be accessible. The purpose of our programming is therefore to facilitate such accessibility—in other words, to entertain and relax the viewer’s mind between two commercials. What we sell Coca-Cola is temporary access to the human brain.”³

The dangers inherent in the influence of the advertising industry on the ownership, monopolization, and content of communications media were foreseen in the MacBride Report, which recommended that “effective legal measures should be designed to . . . reduce the influence of advertising upon editorial policy and broadcast programming” (MacBride Commission 1980, 266).

At present, the advertising industry as a whole involves the transfer of massive sums of money: On a global level, \$444 billion was invested in advertising in 2009, and advertising has become the largest single source of revenue for all communications media at the global, local, and national level, including the Internet (Browser 2009).

3. Christine Pouget, “Le Lay: Le métier de TF1 c’est d’aider Coca-Cola à vendre son produit,” AFP (Agence France-Press) press release, July 9, 2004, quoted in Patrin-Leclère (2005, 7).

The continued survival, development, and growth of the communications media require more and more advertising revenues. Advertising determines the functioning of media, its *raison d'être*, and the way news is presented. This is why communications media have become special and irreplaceable platforms for advertising not only companies' products, but the companies themselves. Providing the public with useful information is increasingly seen as something that is at odds with maximizing advertising revenues.

This point of view has been perfectly understood and assimilated by the magnates and managers of media enterprises, as is evident in both Le Lay's statement and in the introduction to Independent News and Media's 2004 Annual Report, written by the group's president emeritus, Tony O'Reilly: "There are no DVD's to replace normal television, but there is, I think, the correct mixture of news, views and creative advertising that provides a satisfying menu to all consumers" (Independent News and Media 2005, 3).

Communications media create an atmosphere conducive to reaching the consuming public. This is their obligation as business enterprises, since it secures profits by guaranteeing the continued purchase of advertising by their advertisers. Even though some journalists deny it (Edwards and Cromwell 2009, 105–6), this basic reality raises questions regarding the loyalty and dependence of media in relation to advertisers' corporate interests. What are referring here to censorship and self-censorship, both of which are required by the logic of the current process of making information accessible based on access to advertising.

Advertising in the media involves two kinds of censorship. First, by occupying a particular space, advertising displaces or renders impossible the presentation of other information. In the editing of newspapers, the first thing a section editor does is create a template in which the spaces allotted to advertising have been blotted out. In this way, the space available for news is predetermined by the space allotted to advertising, irrespective of the number of news items that might be generated on a given day.

Secondly and more importantly, because advertising is the primary means of generating revenue, it acts as a muzzle in that it inhibits the addressing of certain subjects that are perceived as threatening the interests of advertisers in any way. Is it really possible for a newspaper or television channel to question the quality of a product, the management practices, or the consequences of its important advertisers' specific policies?

Although they are not particularly frequent, there have been cases that exemplify both the pressure that advertisers exert on the media as well as the self-censorship or silencing by the media of information that they deem inconvenient or damaging in terms of the interests of advertisers—and therefore damaging also to their own financial bottom line.

In 2005, a memo written by an employee at British Petroleum (BP) came to light that demanded that publications in which the company purchased advertising provide advance notice regarding the news and images that they planned to publish in any cases involving the direct mention of BP, its competitors, or the oil industry in general (Sanders and Halliday 2005, 5). In 2005, Stanley Morgan announced its intention to withdraw advertising from all newspapers that published any information that reflected negatively on its operations (Griffiths 2005).

In 2008, El Corte Inglés (a department store chain in Spain), the insurance company Ocaso, the Dutch brewery Heineken, and the Japanese multinational company Fujitsu withdrew advertising from the programs *Salvados* and *El intermedio* on the Spanish television channel La Sexta because, according to the ultraconservative pressure group hazteoir.org, these programs presented material that violated the values of the Catholic Church (hazteoir.org 2008; JRD 2008).

More recently, in February 2010, Toyota withdrew advertising from the US television network ABC in five states because of what it deemed excessive coverage on the part of local ABC affiliates of the problems of the Japanese automobile manufacturer (Motavalli 2010).

It is true that some media can and might want to refuse to bow to pressure on the part of their advertisers, as appears to have been the case with ABC in the face of Toyota's decision to withdraw advertising, as well as with the *Los Angeles Times* in a similar case in 2005 when General Motors temporarily withdrew advertising from the newspaper in reprisal for criticism of GM's Pontiac G6 (Neil 2009). Yet it is no less clear than many media outlets do not have the financial clout to resist the demands of their advertisers and absorb the resulting loss of advertising revenues. When BP threatened to withdraw its advertising in the case cited above, a former print-media editor and executive told *Advertising Age* that "magazines are not in the financial position today to buck rules from advertisers," and that pressure would continue to be exerted (Sanders and Halliday 2005, 5). In other cases, the fact that advertising companies belong to communication

groups makes it very difficult, if not impossible, to criticize the products, companies, or the persons that form a part of those same groups.

Decline in the Quality of News

“Such values as truthfulness, accuracy and respect for human rights are not universally applied at present. . . . The act of selecting certain news items for publication, while rejecting others, produces in the minds of the audience a picture of the world that may well be incomplete or distorted.” This statement was included in the MacBride Report, which then went on to declare that “higher professional standards are needed for journalists to be able to illuminate the diverse cultures and beliefs in the modern world” (MacBride Commission 1980, 262–63).

There are now few who would question the fact that the quality of information provided has suffered, and will continue to suffer, a decline that can hardly have been avoided. Could it be otherwise when, as we have seen, large local and global media outlets have undergone a rapid process of monopolization, when their corporate model fundamentally depends on the advertising industry, and when these factors prioritize the financial bottom line over and above any other consideration?

Obtaining profits and securing financing through advertising may serve as an inhibitory factor in terms of the strategic goals of media companies. The policy of laying-off journalists in order to cut costs has led to less information, less investigative reporting, and decreased editorial rigor. In short, there has been a general reduction in the quality of news. This process is more starkly evident when it comes to international coverage, which is more expensive, while at the same time generating less advertising revenue because of a lower general degree of public interest. As a consequence, the number of foreign correspondents has been drastically reduced, and very little space is dedicated to information and analysis of international news on television, in the radio, and in the print media (Carroll 2007; Davies 2008, 67–68, 96–100).

The decrease in coverage provided by media outlets themselves has been compensated by resorting to the massive utilization of information proceeding directly from company or government sources, through their internal communication departments or public relations agencies that have become increasingly ubiquitous in recent years. This is a global phenomenon, and can be observed in the United States, United Kingdom, Canada, Australia, and Spain. In Spain, 80 percent of the news presented

on the major networks in 2007 came from material provided by interested parties (EFE 2007). As regards the United States, a report published in April 2006 revealed that, seventy-seven television channels habitually used company-produced videos (so-called video news releases) without citing the source for the data (Farsetta and Price 2006).

In terms of international coverage, the bulk of global information comes from the large international press agencies, especially AP and Reuters. And given the fact that these agencies have followed the previously noted corporate strategies for cost-savings—laying off journalists (six thousand by Reuters alone in the period 2002–2006), increased work load for those who remain, and less investigative reporting—the consequences have been devastating in terms of the quality of information provided. And the resulting deficient information is simply replicated by thousands of new and traditional media outlets all over the world, without being subject to any controls whatsoever (Davies 2008, 101–6).

The same strategy of maximizing profits has determined the policies of the dominant media outlets with respect to the selection of news on a global level. This helps us understand why there has been near total silence on the part of global media regarding the war in the Democratic Republic of the Congo (DRC), the military conflict that has claimed the largest number of victims (more than 5 million dead) since World War II (IRC 2007, ii). Despite this, the *New York Times* dedicated four times as much space to the conflict in Darfur (Sudan) where, through April 2008, three hundred thousand people had died (CRED 2008). A slightly lower degree of disparity was evident in the relative coverage of these two African conflicts by the Spanish newspaper *El País* during the year 2006: 121 references to the Darfur conflict versus 44 references to the war in the DRC (based on information obtained from the online edition of *El País*). Since it is impossible that the media were unaware of the deaths resulting from these conflicts, we can deduce that, in terms of the relative economic worth of each conflict for their news operations, 300,000 deaths in Darfur were far more valuable than 5 million deaths in the DRC.

Perhaps the value difference here has to do with the fact that the Darfur conflict was narrated within the dominant frame of reference of the War against Terrorism (Mamdani 2009). And it is possible that the silence regarding the war in the DRC had to do with the fact that some of the principal multinational corporations had discovered a unique opportunity in the midst of the war to benefit from an unregulated exploitation of the abundant resources of the country, such as diamonds, cobalt,

and especially coltan, a mineral of critical importance for the electronics industry, and especially for the manufacture of cellular telephones (United Nations Security Council 2009).

For the large media outlets, maximization of profits is achieved through the offering of content with specific characteristics—sensationalism, conservatism, instantaneity, and discontinuity—in terms of its ability to attract advertising revenue.

Sensationalism has different aspects, such as scandal, an emphasis on catastrophic events, and glamour. Its basic principle is an appeal to the emotions rather than to reason. This is why the elements of distress, surprise, abhorrence, and commiseration are actively sought out and exploited in the presentation of such stories. A serious problem arises when such news occurs in areas that are far removed from centers receiving the highest news exposure. Thus, in the case of Africa, the news that is transmitted is typically limited to coups, wars, epidemics, and natural catastrophes.

Conservatism results from the fact that when advertising agencies look for spaces to publicize their clients, they logically exclude those media that question and monitor the large industrial corporations and media outlets, as well as critical media that draw attention to environmental and consumer problems. Advertising agencies tend to avoid even more assiduously those media that closely associated with prisoners' rights groups, with the struggle for gender equality, or with combating social exclusion (although media comprising this last-mentioned group might not be as completely excluded as those previously mentioned). In this way, conservatism contributes to the practice of self-censorship.

Two other critical factors in encouraging public consumption of media and advertising are also important in explaining the overall deterioration in the quality of news: the fact that the narrative is currently unfolding and presented in such a way as to not create any undue concern on the part of the viewer (should the latter occur, then the context of the news in question must be suppressed). In other words, instantaneity and discontinuity are critical aspects of the presentation of news.

For Paul Virilio (2009), instantaneity is an apocalyptic phenomenon, a kind of black hole that absorbs and nullifies the sense of temporal coordinates that had previously served as points of reference: the past, present, and future. It does not allow a situation to be properly understood because a news story is presented as if it were a pixel on a computer screen: it is a

part of a larger and richer frame of reference, yet one that is not available to the reader or television viewer, who is in effect expected to assimilate the isolated datum in the absence of a larger context without getting too worked up, and to either enjoy or endure the presentation while it lasts (which ideally will be spectacularly compelling)—a presentation regarding an event that is conceived as having neither a past nor a future.

Discontinuity in the presentation of news is also problematic. It affects all kinds of news, but its effect is especially pernicious for events reported from developing countries. Once a catastrophe that has taken place in such an area has passed, the country or region in question no longer appears in the news, except for some remembrance of the event in question. Such was the case for the 2004 tsunami (Miguel de Bustos 2006, 71–72). Discontinuity and an emphasis on catastrophe make such countries invisible—until, that is, another earthquake, catastrophe, or spectacular terrorist attack temporarily sheds the television spotlight on them once again before the inevitable fade to black.

Conclusion

Thirty years after the publication of the MacBride Report, we have become acutely aware of the very real concerns in contemporary media, and it thus seems fitting to look for ways to resolve those problems. The MacBride Report is as valid today as it was at the time of its publication. It continues to serve as a road map of the central concerns that define a large number of development-oriented communications. Such concerns are present not only in terms of partnering with developing nations but indeed also raise questions that need to be considered within the First World. Moreover, these questions need to be addressed simultaneously, because the replication of the First World communication model in developing nations will lead to greater problems rather than solving current difficulties.

We cannot wait another twenty-five years until a new summit is convened that does nothing more than issue declarations before fading into the historical mists. If we adopt such a passive attitude, we will continue to not only struggle with the aforementioned, but will also have the burden of coping with new difficulties arising from new circumstances.

The proper response to these problems lies in the initiation of changes that run counter to the present characteristics of the media. Such change is not possible without transforming the frames of reference that have been imposed by the capitalist business logic of the private media system and

advertising. To a very modest extent, alternative media movements have attempted to confront those problems: They have sought partial solutions, have questioned what is newsworthy, and have attempted to define the proper functions of journalists (Cardon and Granjon 2003). Alternative media have also denounced both the relations between mainstream media and politics, as well as its advertising-driven profit motive. The potential of the Internet points to another partial way forward: freedom of communication; users as content producers; elimination of time and space restrictions and global media alliances within civil society.

Still another partial solution may be seen in the further exploration of the issues raised here: Despite the central importance of such issues, they are marginalized by governments, public institutions, and by universities. Fortunately, some initiatives have been launched, such as the EU's program for promoting pluralism, which remains limited to the monitoring of risks, but which could profitably be expanded in order to proactively promote pluralism and diversity (K.U. Leuven-ICRI et al. 2009).

In the United States, there are currently movements that promote media reform and seek to arrest the processes of monopolization. On a global level, other perspectives have emerged, such as Al Jazeera. Yet these are uncoordinated initiatives—in contrast to the dense networks that characterize the large communication conglomerates and the intricate web of connections linking communications media and government institutions. To paraphrase Manuel Castells, if power resides in networks, then civil society is at a disadvantage in comparison to the global networks of corporations and states (Castells 2009, 420).

We conclude by evoking the spirit of an anecdote related by Bourdieu at the end of his presentation to the communication conglomerates in Paris in 1999. He pointed out that the painter Michelangelo was not one to stand on ceremony, and that Pope Julius II would have to quickly take a seat in order to avoid the painter beating him to the punch. In relating this story, Bourdieu points to the importance of acting and responding (and anticipating) in a timely manner (Bourdieu 1999). In our case, it is not a matter of quickly sitting down, but of beginning once and for all to take measures to transform our national and international systems of communication. If we do not do this, our democracies will continue to erode, and the ringtones of some 4.5 billion cell phones will continue to drown out the anguished cries of the victims of heinous and lucrative massacres, such as the war in the DRC.

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International Labor Law, International Business, and Development Cooperation: The International Labour Organization and Social Clauses

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Here we address how to promote the standardization of social and labor regulations within the framework of international cooperation and international trade. In order for development cooperation to improve living conditions in the countries of the South, it must consider all of the legal provisions at its disposal for achieving sustainable and equitable human development. Among the most valuable provisions are those that address the concept of productive work and, especially, the relationship between labor rights and social clauses as mechanisms to assure compliance with the provisions in question.

There is a profound imbalance between the new global commercial law and the regulation of labor rights and social rights within the context of their institutional and regulatory expressions. Labor rights and social rights ultimately rest on international human rights law and international labor law—in other words, on a rather fragile legislative framework—and at times, in fact, do not appeal to anything more solid than good will and voluntary compliance with behavioral norms (Pipan 2006, 48).

Given these conditions, it appears that the International Labour Organization (ILO) is the most appropriate organization to take the leading role in the standardization process within the framework of international cooperation. Yet the asymmetry described above requires not only a modification of the ILO's regulatory policies but the assigning of a key

role, within the context of international relations, to the radical reforms proposed by the United Nations (UN).

The Absence of Regulation of the WTO's Social and Labor Standards

Within both the World Trade Organization (WTO) as well as within the context of both trade agreements and regional and bilateral investment agreements, there is a debate between those who believe that there should be an inclusion of some kind of labor dimension (in order to promote fairness and to create mechanisms that would neutralize the phenomenon of social dumping) and those who hold that economic growth is the best safeguard of more and better employment (Martínez 2004, 147).

In fact, the WTO has not regulated labor standards, even though there has been much internal debate regarding the issue. It is well within the scope of the WTO to incorporate additional issues into its organizational agenda, including those having to do with the ties between trade and labor relations. It is simply a question of raising the issue for discussion and arriving at a consensus (Bonet 2007, 281). Theoretically, the incorporation of social rights would imply the guaranteeing these to citizens, and for reasons going beyond the narrow issue of unfair competition.¹

In the lead-up to the first Ministerial Conference of the WTO, held in Singapore in December 1996, the relationship between trade and social rights was very much on the agenda. The United States, Norway, France, and Belgium defended the incorporation of labor rights by the WTO, while the developing countries (DCs) held that such a proposal was not only unfair but, if accepted, would impose labor standards that would negate their comparative advantages, or would serve as a pretext for the elevation of protectionist barriers by developed nations within the least competitive sectors of their economies.

There were debates between countries that favored and opposed the creation of a working group, with those in favor comprising DCs and

1. The Office of the United Nations High Commissioner for Human Rights (OHCHR) has analyzed the consequences of the liberalization of services (General Agreement on Trade in Services, GATS), intellectual property (Agreement on Trade Related Aspects of Intellectual Property Rights, TRIPS), and the Agreement on Agriculture (ASA) within the context of human rights. E/CN. 4/Sub. 2/2002/9; E/CN. 4/Sub. 2/ 2001/13 y E/CN. 4/Sub. 2/2002/54.

unions,² although they differed over the issue of whether such a group should function within the WTO or in coordination with the ILO (Zapatero 2003, 534–35). The dispute grew so heated that the ILO director-general was first invited to and then abruptly expelled from the ministerial conference. In the end, the ministerial declaration was nothing more than a formality: No specific initiative was implemented, the ILO was recognized as an organization that addressed social matters, the WTO was excluded, and the rights of the DCs to maintain their competitive advantage as a result of their low salaries was reaffirmed (Hinojosa 2002, 116).

The intensity of this debate gradually lost force and then disappeared altogether from the agenda of subsequent conferences (Pipan 2006, 110–15).³ It was eventually concluded that trade had nothing to do with labor and social rights, and the exclusion of these issues has continued until the present day. Legally, the insertion of social clauses within a multilateral context clashes with the standards of the General Agreement, and as a result it is very difficult to reconcile these clauses with the exceptions of article 20 or with the social principles of article 23. Such reconciliation would require either a reformation of the General Agreement or a decision at the highest level that would allow a change in interpretation.⁴ Nevertheless, respect for basic social rights is indispensable for alleviating the poverty and social exclusion of millions of people.

Given this context, a number of issues emerge. First, social rights have not been regulated within a multilateral free trade context. However, in practice such concepts have been incorporated in regional treaties and reformulated in unilateral statements. There are those who hold that, philosophically, there is a general conceptual connection between

2. European Union, Communication from the Commission to the Council, of July 24, 1996, on the link between the trading system and internationally recognized labor standards, Doc. COM (96) 402 final, de 24.7.96 Annex I. At <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:1996:0402:FIN:EN:PDF>.

3. The questions have not been definitively settled, but the Second Ministerial Conference, held in Geneva in 1998, the Third Conference (Seattle, 1999), the Fourth (Doha, 2001) and, most recently, the Sixth (Hong Kong), have not made progress on this issue. See Bonet (2007, 280–84).

4. Hinojosa (2002, 80–121) has provided a detailed analysis regarding the difficulties involved in incorporating social clauses into the WTO, specifically regarding the modifications that would be required in regulatory implementation and interpretation. He arrived at this conclusion after studying articles 3, 6, 16, 19, 20, 20a, 20b, 20e, 20h, 23, and 25.

WTO standards and human rights,⁵ developed as a result of “interpretive loopholes” within the GATT (General Agreement on Tariffs and Trade)/WTO. Yet this is a forced interpretation that completely ignores the context of the constitutive regulatory documents. Specifically, it is based on the preamble of the Marrakech Agreement and on the exceptions to the GATT Agreement, article 20, subsections (a) public morality; (b) health; (c) articles manufactured in prisons; (d) national treasures; (e) and (f), which indirectly refer to economic and social rights; and provisions 18, 21, 22, and 29 (Pipan 2006, 111–31; Bonet 2007, 311–20). These articles carry little legal weight, since they can only be interpreted in a very restricted way, and the WTO’s Dispute Settlement System has only rarely made recourse to them. The most important example affected the case “European Communities—Measures Affecting Asbestos and Products Containing Asbestos (Appeal by Canada, WTO / DS 135).⁶ The WTO Panel resolved that Canadian products containing asbestos were similar to those in Europe, and that France’s prohibition on the importation of such substances was illegal, given that they should have been dealt with like any other similar domestic product. Until that point, case law regarding similar products (made via the same production process) had been upheld, and free trade considerations had trumped all other concerns. However, a new element was introduced in the Appeal Mechanism, which held that health and the preservation of human life could not be subordinated to the free market. In this case, toxicity in the manufacturing process resulted in a product that was not similar (unlike the violation of labor or environmental regulations, or in circumstances involving the failure to protect animal species). In other words, the key issue was the manufacturing process and not the final result of that process. However, the precautionary principle that allowed restrictions on potentially harmful products was accepted, since in this case there was no clear scientific evidence that the product did not represent a danger. Instead, the available evidence pointed in the opposite direction. In the case of hormones

5. United Nations, “Globalization and its Impact on the Full Enjoyment of All Human Rights,” Preliminary Report of the Secretary General, A/55/342, 31 August 2000. At www.wipo.int/export/sites/www/academy/en/research/research/pdf/globalization.pdf.

6. See www.wto.org/english/tratop_e/dispu_e/cases_e/ds135_e.htm. This same page includes information regarding the prioritization of health concerns in the “Thailand Case—Restrictions on Importation of and Internal Taxes on Cigarettes,” which had somewhat of a lesser impact because it involved the prohibition of cigarette advertising. See www.citizen.org/trade/article_redirect.cfm?ID=5524.

used in meat products, a diametrically opposite criterion was employed, and toxicity in the manufacturing process was not upheld, despite the lack of medical evidence that the process in question did not cause cancer. The same debate is currently taking place in reference to genetically modified products. In any case, what we can see here is the extraordinary application of an isolated ruling.

Then there is the point that any proposal to include labor and social rights in the WTO cannot be justified solely in terms of this helping to offset unfair competition or social dumping. Starting from the assumption that trade policies do not inherently involve the loss or reduction of labor rights, since such rights are not the most important factors in terms of generating competition, protectionist considerations would take precedence over social justice. Therefore, the connection between trade and social rights would only make sense on the basis of an interpretation of labor, economic, and social rights, as well as of the right to development. In this case, the social clause would indeed carry mandatory force for both countries and corporations, including transnational companies.

There is, moreover, a need for the regulatory and inter-institutional model to be specified within the framework of the relationship between the WTO and the ILO. Regulation should be based on the ILO, rather than the WTO, model. The ILO model should also include the creation of an international tribunal that would counterbalance the WTO's Dispute Settlement System. The current state of affairs is very different, and the regulatory weakness and the subordinate status of the ILO constitutes clear and compelling evidence of how drastically at variance the present circumstances are with the diagnosis provided by the ILO World Commission in its report on the social dimension of globalization (2004), which insisted on the need to alleviate the effects of globalization on social majorities, and pointed to the absence of international trade mechanisms capable of ensuring the enforcement of labor rights (Greven 2005, 9). Noteworthy in this regard, despite its regulatory weakness, is the ILO's Declaration on Social Justice for a Fair Globalization (ILO 2008). This declaration established that the ILO is required to assess the effects of trade and financial policies on employment, which implies an obligation to encourage other international and regional organizations to promote decent labor conditions. Nonetheless, each organization will be governed by its own mandates.

Finally, the ILO has attempted to balance the objectives associated with its founding in 1919 and its universal vocation to facilitate coop-

eration among states. The tension between these two goals has shaped its activities, and this tension has grown sharper in recent years with the consolidation of neoliberal ideas. During this time, countries of the South have become less competitive, embraced deregulation, and subordinated their social and labor policies to the interest of competition in the free market. All this has relegated ILO standards to a de facto secondary regulatory level (meaning that their enforceability is weak despite the fact that they have been ratified by individual countries and incorporated into their legislation). Moreover, general humanitarian, political, and economic objectives have been relegated to secondary importance, something that would not have occurred if more effective regulatory standards had been employed in order to neutralize multinational companies. The ILO's regulatory activity in recent years has been very weak, while the regulation of work conditions—meaning dignified work conditions—has evolved on the basis of declarative and promotional international legal questions. The most progressive interpretations have been completely neutralized by the strength of global trade law and by union organizations' loss of power in the ILO. The ILO's regulatory activity with respect to multinational companies is one of the most striking examples of the regulatory tension within the three-tier organization (Hernández Zubizarreta 2009, 367–77).

Weak Regulatory Content of Social and Labor Regulations in Trade Agreements and Regional and Bilateral Investment Agreements

The proliferation of some of these agreements has shed light on the connection between labor rights and international trade, although unilateral preferential programs in the United States and the European Union (EU) regulate such rights. The replacement of such rights by regional and bilateral agreements does not involve either a greater degree of transparency or a greater degree of balance between capital rights and workers' rights.

The absence of multilateral regulations governing labor issues cannot be made good by resort to unilateral instruments containing provisions that are based on conditions imposed upon poor countries by rich countries. Thus, possible negative commercial sanctions (direct sanctions) for noncompliance with labor rights, in addition to having a legal basis in the unilateral agreement, should also respect the Declaration on the Principles of International Law Concerning Friendly Relations and Coopera-

tion among States in Accordance with the Charter of the United Nations.⁷ What this means is that such sanctions should not meddle in the internal affairs of other states, and that sanctions should be proportionate to the infraction committed by the state that is being sanctioned (Hinojosa 2002, 122–23). Beyond the doctrinal debate regarding the limits of negative sanctions (namely, that there are no regulatory impediments to the suppression of commercial incentives, or positive sanctions, as a result of the violation of labor rights), it does appear that their possible conflict with (or perhaps merely their poor fit with) International Law, is indicative of the difficulty of generalizing such a procedure.⁸ The fundamental factors that render such a system ineffective have to do with the subordination of sanctions to the political and economic interests of the powers who approve and set the conditions of the procedures involved. In other words, such a system does not work because of its essentially unilateral nature (Dombois 2003, 171).

The Generalized System of Preferences, the African Growth and Opportunity Act, and the labor provisions of Trade Law are some of the unilateral procedures used by the United States, and they include as many positive as negative conditions. Such procedures reflect three basic ideas: preferential access to the US market for a wide range of merchandise in exchange for a respect for labor rights; the existence of administrative control procedures within the US government that are more or less open to addressing any complaints of abuse, and the subordination of this entire system to the foreign policy and commercial interests of the United States (Greven, 2005, chap. 3).

With respect to free trade agreements and investments, the debate has been based on two false assumptions. The most neoliberal elements have maintained that the incorporation of social clauses within such agreements would adversely affect both their effectiveness specifically and economic growth in general. Meanwhile, those defending the incorporation of social clauses have advocated their inclusion in a manner that has been formal and cautious rather than practical and effective, and that has subordinated their importance to the interests of free trade, with mecha-

7. Resolution 2625 (XXV), A/8082, General Assembly of the United Nations, October 24, 1970. At <http://daccess-dds-ny.un.org/doc/RESOLUTION/GEN/NR0/348/90/IMG/NR034890.pdf?OpenElement>.

8. The relationship between unilateral conditions and International Law have been explored by Bonet (2007, 301–10).

nisms and procedures whose effectiveness is determined by the interests of states and multinational companies (Teitelbaum 2010, 188–212).

Jordi Bonet (2007, 104–16) has established a legal and political methodological approach with a regional focus. The nonparticipatory model has been developed within the frame of the Asia-Pacific Economic Cooperation (APEC) forum and the Association of Southeast Asian Nations (ASEAN), neither of which contains any reference whatsoever to either social or labor rights. The reference model based on state regulations is the North American Agreement on Labor Cooperation (NAALC), which is linked to the North American Free Trade Agreement (NAFTA), and which defers to individual countries regarding labor issues. The model for international regulation is the Mercado Común del Cono Sur (MERCOSUR, Southern Common Market), which makes reference to international law and ILO standards. Finally what is termed the European Social Model has placed its faith in institutional harmonization.

In Latin America, there are two different models for the inclusion of labor rights: the declarative-regulatory model based on economic integration, and the collaborative application model linked to free trade agreements and investments (Barreto 2007, 41–42). The Alternativa Bolivariana para las Américas (ALBA, Bolivarian Alternative for the Americas) has established an alternative model that subordinates commercial and investors' interests to fundamental human and labor rights. This plan is explicitly opposed to the classic neoliberal model, and is currently being consolidated (Gudynas and Buonomo 2007, 20–25).

Within the Americas, subregional integration agreements that formally regulate fundamental labor rights are MERCOSUR, the Caribbean Community (CARICOM), the Andean Community, and the Central American countries. Of course, such agreements are implemented with varying degrees of intensity, and through the use of different applications, although all of them go beyond a mere accounting function and the issuing of expert reports (Organización Internacional del Trabajo 2005, 37).

In his analysis of the Social and Labor Declaration of MERCOSUR, Oscar Ermida Uriarte (2000) remarks that “it could be said that the rights and principles contained in the Declaration are mandatory, binding, and of full legal effect, whether due to the very nature of the Declaration itself and the higher priority of international legislation, or whether because such principles form a part of *ius cogens*, or a body of basic human rights that collectively comprise the public international order, irrespective of

any act of recognition, ratification, or reception on the part of national legal legislation.” These characteristics move the declaration from being merely “declarative” to having a completely binding regulatory nature,⁹ and assign a far greater importance to labor laws than the rest of the sub-regional integration agreements. For these reasons, the nature of the declaration as well as its contents comprises a regulatory space that is very interesting in terms of the development of labor rights. In addition, the Regional Social and Labor Commission envisaged in the declaration is required to promote the application of basic rights, and to interpret any ambiguities that arise regarding its application. Yet this commission is by no means exclusively responsible for applying the principles of the declaration, since the document is completely legally effective irrespective of any act of ratification. Ambiguities arise, though, regarding “the meaning of the advance of the principles contained in the Declaration, the true scope of which will depend, among other things, on the interpretation that finally prevails regarding its nature and effectiveness” (Ermida Uriarte 2000).

NAFTA, which was signed in 1992 by the United States, Canada, and Mexico, has become the model of reference, since it has been complemented by the 1994 NAALC. NAFTA established three arbitration mechanisms to resolve trade controversies: in chapter 20 (a general mechanism), in chapter 19 (antidumping regulations), and Section B of chapter 11 (arbitration tribunals related to the defense of investor interests).

In the face of this collection of arbitration resources, the labor rights regulated in the NAALC receive a treatment that is entirely disproportionate to the actual legal protection that they enjoy. Such a state of affairs does not prevent writers such as Antonio Baylos (2006, 92) from asserting that the NAALC may turn out to be an interesting experiment (especially as regards the construction of social and union networks), since it institutes a complaint procedure that is to be conducted under the auspices of an

9. The material content of the declaration includes nondiscrimination, the rights of migrant and border workers, the elimination of forced labor, a minimum age for workers, the rights of an organization's employers and a company's technical management, freedom of association and protection of union activities, collective bargaining, the right to strike, the promotion of preventive and alternative forms to resolve conflicts, the encouragement of social dialogue on both a national and international level, the fostering of employment and the protection of the unemployed, the right to professional training, the right to safety and health at work, the right of the worker to safe working conditions and a safe work environment, the commitment to institute and maintain inspection services at work, and the right of workers to social benefit policies.

administrative office created by the agreement that will operate in countries other than those where the actual noncompliance has occurred.

The NAALC seeks to make workers' rights effective. It represents progress, since it was the first nonunilateral agreement containing a social clause that was entered into by countries with disproportionate economies, and where civil society and its transnational networks were at least partially represented (Dombois 2003, 162). Its specific regulations includes a long list of social rights: freedom of association and protection of the right to organize, the right to strike, the prohibition of forced labor, work protections of minors of both sexes, minimal work conditions, the elimination of discrimination in the workplace, equality of compensation between men and women, the prevention of work accidents and work-related illnesses, and the protection of migrant workers. The maximum guarantees, equivalent to the protection of the rights of transnational companies, are only applied in cases of child labor, violations of health and safety in the workplace, and the enforcement of a minimum wage payment. Central rights such as the freedom to form unions, collective bargaining, and the right to strike remain beyond the jurisdiction of the arbitration panels. Even cases involving forced labor, the payment of overtime wages, sex-based or other discrimination, equal compensation for men and women, and the protection of migrant workers can only lead to consultation with government entities and, at most, be examined by a committee of experts. These regulatory weaknesses become more acute given that there is no accompanying obligation to modify legislation at the national level, should said legislation violate any of the rights that are expressly regulated. Finally, the control mechanisms by which one government is able to express its disagreement with the legislative measures of another are merely consultative. The means of resolving disputes are concentrated in preexisting labor regulations but are not applicable if a government should decide to repeal or reduce its legislation with respect to any of the rights contained in the trade pact (López 2005, 11–23).

The contents of the rights that are regulated must be interpreted in accordance with ILO regulations and, in the event that they have not been ratified by the country in question, on the basis of their minimum content. The NAALC uses the term *adequate conditions* as an interpretive criterion for labor rights, which implies that such rights will remain subject to the economic conditions of each country, their internal regulations, and to possible intervention in cases involving unfair competition. A government is not obliged to maintain, or prevented from reducing,

the minimum wage level. The only requirement is that such a wage be “acceptable,” with all the ambiguity inherent in this term. This regulation is designed to govern trade and investment, so work rights are subordinate to these.

The agreement created a Commission for Labor Cooperation that functions as a government body, and which is tasked with enforcing compliance with the agreement and with addressing any problems that arise with regard to compliance. The National Administrative Office is able to receive public reports or complaints regarding labor questions that arise within the territory of another country. Labor noncompliance issues have generally occurred as a result of social and union organizations’ public reports, rather than government initiatives. The role of governments has been limited to exchanging information and addressing the proper commercial functioning of internal regulations—but not labor practices (Vergé 2002, 93). Theoretically, if the consulting phase between administrations does not result in agreements, a meeting of the Committee of Experts can be convened in order to analyze technical labor regulations that have been subject to clear systematic violations, when such violations have had a severely adverse impact upon free trade rules and free competition. The scope of the arbitration panel is limited to very specific work rights that rarely result in economic sanctions or the suspension of benefits derived from the free trade agreement (Barreto 2007, 48–51).

In this regard, each state will be responsible for compliance with its legislation, and its legal authorities will supervise the efficacy of this compliance. Such provisions make it impossible to file suit directly against companies that violate the labor rights regulated in trade agreements. What this means is that the social clauses of the NAALC do not grant rights that acknowledge a legal efficacy that is greater than the regulations contained within national legislation (López 2005, 45–58).

The two models analyzed for the incorporation of labor rights, the regulatory-declarative model of MERCOSUR and the collaborative application model of NAFTA, confirm that protection of the rights of transnational companies as regulated in global trade law supersedes both protective models. Nevertheless, the regulatory model, specifically as it is interpreted on the basis of the *ius* labor doctrine of the Southern Cone, may strengthen national regulations within a larger regional framework, establishing a body of labor regulation that must be respected by transnational companies, and that requires the free trade agreements to be modified accordingly. Obviously, the actions of national and regional

legal protections must take precedence over those of trade arbitration tribunals. This is one path that seems worth exploring.

Even though the incorporation of labor rights into trade agreements such as the NAALC may be formally valid, the fact that their regulation and functioning are so asymmetrical prevents them from being utilized in order to effectively legislate the rights of social majorities. The social effects of NAFTA in Mexico (its weakest link), have recently demonstrated that those who have benefited the most are the large transnational and major Mexican companies, while small and medium enterprises and workers have been the biggest losers (Velásquez Navarrete 2007, 35–37). A realistic appreciation of the kind of protection of labor rights provided by NAFTA leads inexorably to the conclusion that this treaty cannot be considered as serving as the basis for minimum legal guarantees.

Social Clauses in International Commerce

We will now discuss the debate on social clauses or social regulations linked with multilateral or bilateral trade and investment rules that should act as guarantors of social and labor rights. At the very least, such clauses are indispensable during the transition to the approval of mandatory regulations.

Raising the Issue

There have been calls to include social, ecological, and democratic clauses in international trade regulations—especially in the countries of the North—both by employers' associations in the sectors most exposed to the international competition of countries with low salaries, and by unions and NGOs. Such demands seek to avoid a "race to the bottom" with respect to work rights and social protection. Since the failure of the United States and the EU attempts to integrate social regulations into the WTO at the Seattle conference (November 1999), the debate regarding this issue has subsided, but has not disappeared altogether. China's entry into the WTO raises the question of its lack of respect for union freedoms and for the work of prison inmates. Broadly speaking, it is likely that international competition within labor-intensive sectors will become more acute to the extent that there is an increase in pressure on the part of DCs to accelerate the opening of markets in industrialized countries. The disappearance of quotas imposed by industrialized countries on exports of textile goods (the Agreement on Textile and Clothing) signed

in January 2005, has led to an increase in imports, and has once again raised the question of social clauses.

Low salaries and social costs are an important variable (at least in certain economic sectors, countries, and production processes) in terms of attracting particular companies and multinational corporations. Commercial freedom has penetrated labor markets, and the elimination of all labor regulations—or, at any rate, their subordination to the requirement of markets to produce products at a competitive price—centers the debate on two issues places: the extent to which labor regulations and international trade are connected and whether the existence of competitive advantages is generally damaging to labor regulations.

One school of thought holds that any connection with protectionist positions—such as the limitation of a large cheap labor force, an asset of the countries of the South—implies the elimination of one of the few competitive advantages these countries have, and is therefore a barrier to their economic growth. In free trade zones where there is a major level of exploitation, women (the majority of the work force) have achieved a certain level of social integration and, in spite of awful work conditions, workers' salaries are significant within the context of marginal economies such as those of impoverished rural areas. This is the thesis "better exploited than excluded." In other words, formal jobs in miserable conditions and poverty is better than informal jobs and destitution. Such an acceptance of poverty can only be confronted on the basis of a universal recognition of labor rights.

Conversely, those who think that the concept of universal rights smacks of protection base their opinion on what they hold as the fundamental importance of national sovereignty and cultural relativism (Ferajoli 2008, 4–8). At first glance, the idea of national sovereignty being at odds with human rights and being practically subject to the rules of international economic globalization does not appear to make much sense: National sovereignty is hardly an immutable category in its interaction with mercantile factors and much less so with respect to human rights. The issue of cultural relativism needs to be treated with far greater caution, but we do not believe that the foundations of basic labor rights have anything to do with the imposition of Eurocentric points of view or with particular cultural identities. Similarly, we do not see union freedoms as being damaged by specific cultural peculiarities of any kind.

The other line of argument, that of social dumping (Hinojosa 2002, 17–43) favored most by those in developed countries, sees the obtaining of trade advantages at the cost of suppressing workers' social and labor rights as inherently unfair. Social dumping (unfair competition) is tied to the difference in manual labor costs in different global regions. For those defending social clauses, to the extent that the countries of the South benefit from competitive advantages due to low salaries and less advanced systems of social protection, a tax should be imposed to eliminate such unjustifiable advantages. Among employers, those sectors most exposed to the importing of products manufactured at a very low manual labor cost (e.g., textiles, clothing, leather) advocate this position. Among unions and humanitarian organizations, what is important above all else is imposing the obligation to guarantee fundamental social rights, as defined by the ILO.

There are many different variables relevant to this theory, and there is a complex relationship among the subject areas and disciplines that analyze the constellation of causes and effects upon which the theory is based. A proper evaluation of the merits of this theory would require addressing the geographical and economic areas affected; the theoretical framework of productivity and competitiveness of national economies; the influence of labor costs in those economies; the impact of technology; the relocation of companies; direct economic investments, and the deregulation of the welfare state. However, the hierarchical position of labor rights in relation to international trade should not be justified on the basis of the aforementioned economic variables, because protectionism would blur the universal character of labor rights.

Then again, the idea that foreign direct investment (FDI) is aimed mainly at countries where wages are low is widespread, and raises the possibility that maintaining employment in developed countries might require a reduction in salaries, both directly and indirectly (worker entitlements). Nevertheless, the bulk of the FDI's transactions occur among countries within the primary regions of the Organization for Economic Cooperation and Development (OECD): Europe, North America, and to a lesser extent the Pacific region of Asia. This indicates that wage levels are not the primary determinant of capital flows, and that the cost of wages is only relevant when all things are equal with respect to the other elements of production. Therefore, social dumping only takes place in those countries with a level of technological and commercial development similar to that of Europe.

In any case, all this makes clear that the “unfair competition” thesis is simply not viable, and must be rejected on the basis of both the intolerable economic protectionism it advocates, and the existence of unilateral rules governing international trade that are firmly rooted in inequitable and unjust historical and contemporary processes. The defense of labor rights should not serve as an excuse for protection against mostly poor countries whose principle competitive advantage is low wages. The significance of social dumping rapidly diminishes in the face of factors such as unfair international economic structures, the WTO’s inequitable rules, adjustment plans, the coercive guidelines of the International Monetary Fund (IMF), and the World Bank, the freedom for capital to be invested without any accompanying regulation, external debt, the weakness of development cooperation, a lack of fiscal encumbrances regarding the mobility of transnational companies, and most definitely, a model of unbridled development that unconditionally serves the needs of the market. All of these factors collectively comprise the foundation upon which an inequitable economic structure has been built.

One should therefore not conclude that the defense of labor rights is inherently protectionist, or that it is subordinate to either the needs of the market or to the idea of economic growth without a redistribution of wealth—in other words, in a way that deprives workers of their rights on the basis of supposedly unfair competition. Instead, there should be agreement that labor rights are a category of human rights, and therefore universal and mandatory in nature. Violation of labor rights should result in commercial sanctions. In this regard, some authors have suggested that it would be appropriate to utilize the term “social regulations” rather than “social clauses,” given that the latter refers to the terms of an agreement and does not seem fitting for the defense of social rights to be relegated to an appendix of WTO agreements. It would seem better for the ILO to “interfere” in commercial agreements (if it can do so) than for the WTO to get involved in defining social rights. The required coercive character that would effectively link social rights with international multilateral trade means that they must be based on labor regulations established by the ILO (Dolumbia-Henry and Gravel 2006, 211).

Sanctions for the violation of social rights must be made subordinate to economic, political, and social measures aimed at those countries that clearly demonstrate the intention to promote fundamental labor rights (as expressed in indicators, progressive compliance plans, and legal reforms). Development level, which is constantly used to justify the ignor-

ing of labor rights, will cease to be an impenetrable barrier if follow-up and control mechanisms are instituted that, following the imposition of commercial sanctions, establish the necessary connection among labor rights, international trade, and development law. This is what justifies the inclusion of social clauses or social regulations that are linked to commercial sanctions, over and apart from any kind of protectionism.

The effective application of labor regulations cannot always be guaranteed through trade practices. Thus, the grave problem of child labor is of only marginal relevance to exporting companies. The closing of markets to products manufactured in India or Indonesia would not reduce child labor in those countries, where child labor is concentrated in the informal economy and in traditional industries that are geared toward local markets (Husson 2003, 20–23).

Content of Social Regulations or Social Clauses

We disagree with opinions that give no legal weight whatsoever to social rights. We therefore need to determine the proper structure of social rights, as well as their legal enforceability (Fariñas Dulce 2005, 103–13). The exclusion of these rights from the ILO's 1998 Declaration was based more on "realist" ideas concerning both international trade and international consensus (a correlation of forces), than with legal questions. Those rights enumerated in the declaration cannot therefore be equated with the content of a social clause.

Such content must identify itself with those fundamental labor rights that protect workers from any affront to their dignity. These rights cannot be extended to every single aspect of international work regulations (e.g., vacations or leave) but nor should they be reduced to the contents of the ILO's 1998 Declaration (forced labor, child labor, nondiscrimination, and the freedom to form unions), because the prevailing tendencies to prioritize economic globalization and international competitiveness at the expense of labor rights require more specific regulations that are imperative and coercive in nature. Alternatively, the fact that the rest of the fundamental labor rights recognized on an ad hoc basis (the right to work, wages, social benefit programs) have been subordinated to the general development level of individual countries implies a recognition of only civil and political rights—and therefore only of those labor rights that are part and parcel of such rights (e.g., the freedom to form unions and collective bargaining)—as legally effective. Those rights linked to social and economic agreements must be invested with complete legal

enforceability—within a progressive context, of course, and in compliance with government obligations—at least within the constraints imposed by the economic development of a given country. Neither the ILO’s limited 1998 Declaration nor countries’ level of economic development are sufficient reasons to subordinate fundamental labor rights to international trade. The ILO’s 1998 Declaration will only have real legal effect in upholding such rights if it is complemented by people’s well-being, and if it is embraced by the international community as a guarantor of the right to work as elaborated by the ILO, as a result of social and transnational union pressure.

Given globalization’s social effects, two central aspects of the declaration require urgent modification: Its content should be expanded and it should be invested with an imperative and coercive character. As regards the former, the need to respect rights that are inherent in human dignity and that have repercussions in the workplace is not fully conveyed in the current version of the declaration. It is thus necessary to complete this core section of the declaration with a reference to universal access to employment or income,¹⁰ the legal effectiveness of which should be linked to progressive techniques and the preventing regression. The goal in short is to expand international consensus regarding decent work and the right to development.

Recognition of both rights embraces a legal framework in which the fundamental labor rights recognized by the ILO distance themselves from protectionist positions and elevate the right to work to a fundamental right. This would constitute recognition of the right to live with dignity, free from poverty, and with the benefit of social entitlements that provide the minimum means necessary for the full and general exercise of fundamental labor rights. This is a necessary condition for implementing the material content of the declaration.

10. Daniel Bensaid (2008, 89–90) offers a useful take on universal income in that it employs a dual perspective: a liberal interpretation that sees a universal income as a minimum subsistence income and a progressive vision that sees the institution of a universal income as capable of profoundly transforming property relations and the very notion of work. This transformational character is due to the fact that a universal income would lead to “a generalization of an indirect salary, and would imply, in contrast to their deterioration under the present system, an extension of professional security and of social protection.”

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Financing Development: ODA versus FDI and Remittances in the Most Vulnerable Countries

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Translated by Robert Forstag

International financing of development has undergone important changes in recent decades. There are now debates about how it is conceived, the role it can and should play, and the conditions necessary for it to carry out that role. The way it is actually implemented has also changed in terms of its distinct components and their development. There has recently been a growing (although not new or unanimous) consensus about the primary importance of private investment flows, and especially foreign direct investment (FDI), in the financing of development. This argument contends that other investment flows like official development assistance (ODA) should be complementary and geared toward creating conditions favorable to private investment. This perspective is also to some extent reflected by the reality of the situation, given that FDI has been the principal source of external financial flows received by so-called developing countries (DCs).¹

Such an assertion, however, is far too general, given that viewing DCs as a whole results in blending a variety of situations that are very different from one another in terms of the development challenges faced.

1. In this chapter, we use the term “Developing Countries” (DCs) without this implying our support for the dualistic conceptualization of developed/developing countries. This is simply the term used by international bodies—the World Bank, the Organisation for Economic Co-operation and Development (OECD), and the United Nations Conference on Trade and Development (UNCTAD) that we have used as research sources.

The idea is also overly simplistic in terms of the very notion of development financing, which typically includes different types of financial flows (often confused with one another) based on their external origin rather than their goals or purposes. Thus, the notion of “external investment” tends to lump together phenomena as diverse as high-profile companies’ investment portfolios and donations to aid in the battle against hunger and poverty.

This chapter seeks to understand to some extent the meaning that different external flows have for different kinds of countries. By doing this, we hope to avoid some of the problems that are typically associated with overly general analyses. For this purpose, we have selected three variables—FDI, ODA, and emigrant remittances—studying their impact on a group of countries where external financing plays a significant role in terms of its percentage of gross domestic product (GDP). We focus on identifying the causes of and quantifying the magnitude of external financing, and in setting forth various explanations of it. A comprehensive contextualization of the motives underlying these processes in different places is beyond our scope here, but will be the subject of a forthcoming study.

External Development Financing and Its Meaning

Questions regarding external financing have played a central role in the debates on development ever since such debates were initiated after World War II. In general terms, one can identify four phases in the international financing of development. The first phase was characterized by the prominent role of the ODA, which represented approximately 60 percent of the capital flows directed toward DCs. Later, following the 1973 energy crisis, development financing was gradually privatized, due to a rapid increase in loans authorized by private banks, and this led to the debt crisis of the early 1980s. This debt crisis resulted in an important change rendered necessary by the difficulty—and in many cases impossibility—of access to international capital markets by many heavily indebted nations. The 1990s saw an important recovery of private capital flows (mainly stemming from FDI) to DCs. This trend has continued in recent years and thus private flows, and most significantly FDI, have continued to gain ground, and have now become the main source of external financing for DCs as a whole.

Concomitantly with this increase—which some have associated with the new opportunities arising from financial globalization and the greater dynamism of international capital markets—the beginning of the twenty-

first century has seen the resurgence of certain concerns regarding poverty, along with its continued and devastating prevalence. It seems that, along with the euphoria that was unleashed as a result of the consolidation of elevated levels of economic growth in many of the DCs prior to the crisis that erupted in 2008, the actual situation in many places continued to provide bracing reminders that there were still not only serious unmet needs in many areas, but also important financing deficits that impeded efforts to address these needs.

This situation dates from the final years of the last century, at a time when, in many political and academic circles, the role of ODA in the fight against poverty and in fostering development was first questioned on two different grounds. Some critics spoke of weariness—of “cooperation fatigue,” as a means of drawing attention to the modest results obtained and the need to improve the quality and efficiency of future efforts. At the same time, it was suggested that a higher degree of caution be exercised in providing ODA, making such aid contingent on the adoption of specific economic policies and on progress toward higher levels of transparency and efficiency in public administration. All of this occurred within a context in which the defense of the decisive role of the market—and, therefore, of private capital flows—in the financing and managing of development constituted the norm.

Within this context, the Monterrey Conference in 2002 and the so-called consensus that emerged from it represented a new perspective on international financing of development, and the role of ODA. In this respect, even though the Monterrey consensus dealt in general terms with development financing, it was closely related to the goals of the United Nations Millennium Declaration (2000). In other words, even though the Monterrey proposals were presented as general principles aimed at encouraging financing development, they arose to a large extent as a specific response to concerns regarding the legitimacy of ODA and, at the same time, as a guideline to facilitate progress toward attaining the Millennium Development Goals (MDGs).²

The Monterrey consensus addressed three broad issues with respect to the international dimension of financing of development: The prior-

2. According to UNCTAD (2008, 17–18), “The scope and depth of commitments made at Monterrey have naturally become linked to the global agenda for achieving the MDGs by 2015. This implies a set of actions on behalf of developed and developing partners, which has become all the more pressing as some major MDG targets recede on the horizon.”

ity given to private capital flows, especially foreign investment, with an insistence on the need to create the political and economic conditions to promote them; making the granting of ODA conditional on the adoption of specific measures by the governments of the beneficiary countries, over and apart from recognition of a need for increasing such aid, especially to the poorest countries; and the lack of serious consideration of other external financing proposals and initiatives (e.g., international taxes), as well as the inadequacy of the analysis regarding the impact of emigrant remittances as an important source of external financing in some countries.³

The examination of development financing in Monterrey—and later corroborated in Doha—did not delve deeply regarding the variety of existing situations, and did not propose alternatives adapted to a complex and changing reality and instead provided general reflections and proposals.⁴ In this regard, one of its most striking aspects was the absence of any analysis focusing specifically on those countries with high financing deficits and the greatest challenges in terms of mobilizing resources to promote development, especially in light of the MDGs.

Foreign Investment, Remittances, and ODA

From the 1990s on, financial flows destined for DCs have come from four main sources: foreign investment, private loans, ODA, and remittances. In terms of development financing, infusions of capital associated with export activities constitute a fifth important source, even though, strictly speaking, they cannot be considered part of international capital flows.⁵

3. Various authors highlight the scant attention given to the relationship between remittances and development processes in contrast to other external flows. For example, Giuliano and Ruiz-Arranz (2009, 144) write: “Despite the increasing importance of remittances in total international capital flows, the relationship between remittances and growth has not been adequately studied. This contrasts sharply with the extensive research on the relationship between growth and other sources of foreign capital, such as foreign investment (FDI) and official assistance flows.” For a review of the literature on the relationship between remittances and development, see de Haas (2007).

4. See Nolte (2009) for an analysis of the combined results of both summits.

5. In addition, the potential infusions of capital in this category, the importance of which has so often been highlighted in the literature on this subject, continue to come up against the barriers to exportation faced by many DCs, something that aggravates their problems and that gives rise to the need for more financing. At the failed World Trade Organization (WTO) summit in Hong Kong, an absurd proposal was made (by the richest countries) to offer increases in ODA in exchange for delays in opening markets to the exports of DCs.

Of the categories mentioned, the role of private loans has gradually decreased in recent decades as a result of the lingering impact of the 1980s debt crisis, with negative net balances having been recorded for DCs as a whole as a result of the heavy burden of debt that they have contracted. Meanwhile, the recovery of flows of private capital through international financial markets from 2004 to 2008 (from both loans and bond issues, and even from portfolio investments) cannot hide either the fact that a large concentration was directed to a select few countries, especially in East Asia (SGESE 2005, 3), or the high degree of difficulty, if not impossibility, for the poorest countries obtaining financing in those markets.⁶ Because of this, when it comes to evaluating the particular significance of development financing, and of the problems associated with it in particular kinds of DCs, one must pay close attention to what is happening among the other flows (FDI, ODA, and remittances), and try to identify both the impact of each flow on the other flows, and the changes that take place in this regard.

Although beyond the scope of this chapter, there continue to be conflicting opinions regarding the influence of FDI and ODA on development. Especially in the case of FDI, many observers are skeptical of its true impact on development.⁷ Similarly, the impact of remittances on development continues to be the subject of ongoing debate.⁸

6. According to data provided by the World Bank (2010, 24–41), of the cumulative loans received by DCs during the period 2004–8, 97 percent were destined for countries with medium income levels, and only 3 percent ended up in countries with low income levels.

7. In order to introduce a measure of balance in these debates, Alonso (2009) has pointed out that FDI increases the cumulative capacity of the economy, helps compensate the balance of payments, and contributes to the supply of new technology. Among its limitations, however, the whole investment involves Gross Capital Formation (it may involve the purchase of companies that were already functioning) and the long-term effect on the balance of payments may be just the opposite (as a result of outflows of foreign currency related to income or other issues). Finally, the impact of technology transfer is also sometimes the subject of debate. In any case, Alonso concludes that the dominant opinion regarding the impact of FDI on DCs is positive.

8. Pessimistic opinion contends that remittances represent funds destined for family consumption and for noninvestment uses in general, and that therefore FDI is a better external source of financing, especially for the purpose of promoting growth (Chami, Fullenkamp, and Jahjah 2005). Alternative views, however, point to the growing importance of remittances for meeting health and education needs, and their utilization for investment purposes. Thus, Ratha (2003) cites studies that find that 20 percent of investment in Mexican urban micro-businesses comes from remittances. More recently, Giuliano and Ruiz-Arranz (2009) have shown that remittances have differential effects depending on the development level of each country and its financial system, concluding that they have promoted the growth of low-income nations with less developed financial systems by providing an alternative to inefficient local markets for the purpose of financing investments. Haas (2007) also believes that the contribution of remit-

Furthermore, problems stemming from development financing are not limited to the volume but also, and increasingly, the stability of flows. For this reason, some of the principal questions regarding streams of private capital have less to do with their sufficiency in terms of meeting the development needs of particular countries than with exactly how volatile or reversible such streams are (García-Arias 2008, 161). In this respect, the success of development processes requires a certain guarantee of stable financial flows. This makes it advisable to conduct a more detailed study of the real behavior of such processes in each individual country.

For the purpose of conducting our analysis, we collected data for the period from 1989 to 2008. These data were taken from the online databases of the World Bank (for remittances and GDP), UNCTAD (FDI), and the OECD (from its Development Assistance Committee [DAC] for information regarding ODA).⁹ In addition to the time series, and on the basis of these, we divided the twenty-year period into four separate phases: 1989–93, 1994–98, 1999–2003, and 2004–8, using the average figure for each of the three types of flows when necessary.

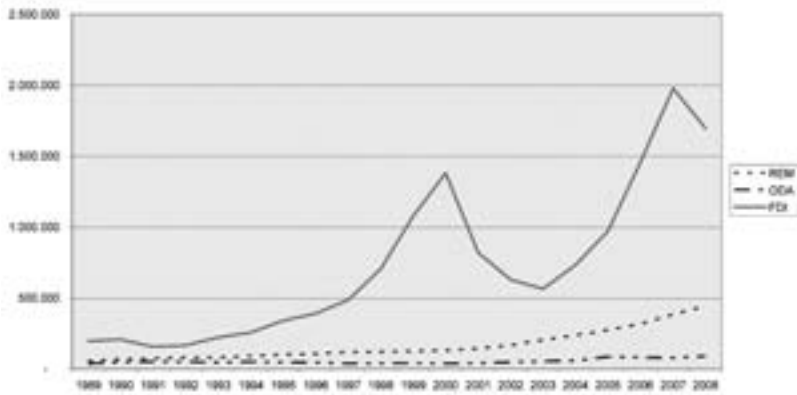
Observing the overall tendencies for this period (figure 9.1), the growing importance of FDI is evident, in that it increased by a factor of 8.6. In comparison, there was a steady growth in remittances (that increased by a factor of 7.8) and a more sluggish growth of ODA (that increased by a factor of 2.4). Nevertheless, despite the greater prominence of FDI, it also displayed a certain degree of instability and irregularity over time. Within just two years (2000–2), for example, it reduced 55 percent from its peak level of 2000, and did not recover this until 2006. In contrast, both remittances and ODA displayed much more uniform behavior over time, despite their lower rate of increase.

Meanwhile, the greater volatility of foreign investment—considered in overall aggregate terms—was related to its behavior in OECD countries (where the majority of flows are concentrated). Figure 9.2 displays

tances to development depends on the particular institutional environment of the beneficiary countries. Finally, Alonso (2009) makes mention of a number of positive effects at both the macroeconomic and microeconomic level, including the direct relationship between the provider and the receiver of the resources in question, thus avoiding the costly mediation of other sources such as ODA. Among the negative aspects cited by Alonso are the possible progressive decrease of funds from this source (to the extent that emigrants become settled) and the constant concern regarding the ultimate use of the funds (whether for domestic consumption or other purposes).

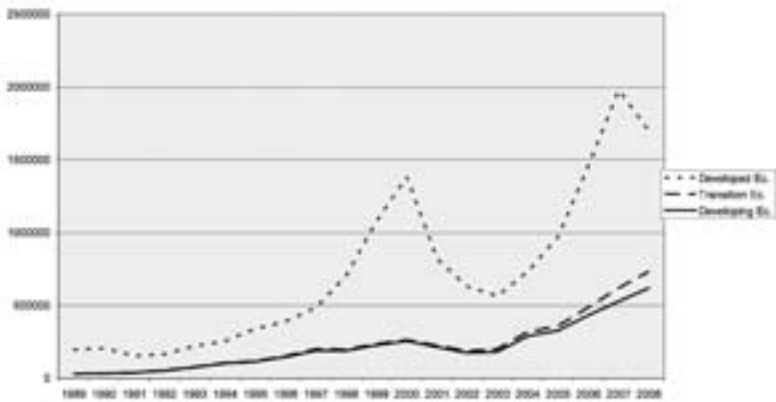
9. Accessed in February–March, 2010.

Figure 9.1. World FDI, remittance (REM), and ODA trends 1989–2008 (in millions of dollars)



Source: data from UNCTAD, World Bank, and OECD.

Figure 9.2. Evolution of world FDI by country groups (in millions of dollars)



Source: data from UNCTAD.

cumulative data regarding the flows of FDI on a global level for developed economies, transition economies, and developing economies. It can be seen that DCs or transition countries show a more stable tendency, with a lower but more stable growth in absolute terms. Similarly, within DCs, foreign investment grew more in a more stable fashion in low-medium income or low income countries than in high-medium income countries, where growth was more irregular.

Geographical distribution revealed a marked degree of disparity with regard to the three flows. FDI was highest for DCs globally, but was exceeded by remittances in South Asia, North Africa, and the Middle East. In sub-Saharan Africa, ODA was the dominant external source, ahead of both FDI and remittances. For their part, Latin America and the Caribbean, Europe and Central Asia, and East Asia/Pacific displayed the same pattern of preference as can be seen in figure 9.1 (FDI-remittances-ODA).

Taking the income levels of a number of different countries as the baseline, it is possible to see the relative impact of each of the three flows within the different groups of DCs. Table 9.1 shows how, from 2004 to 2008, FDI and remittances predominantly went to medium-income countries, while ODA mainly went to low and low-medium income countries.¹⁰

Table 9.1: Distribution of FDI, remittances, and ODA directed to DCs according to income levels, 2004–2008

	FDI		Remittances		ODA		Total % compared to group GDP	
	% of total DC	% directed to group	% compared to group GDP	% countries of total DC	% compared to group GDP	% directed to group		% compared to group GDP
Medium-high income	32	52	3.4	34	1.35	11	0.14	4.89
Medium-low income	38	44	3.02	58	2.4	49	0.65	6.07
Low income	30	4	3.8	8	5.5	40	8.92	18.22

Source: data from UNCTAD, World Bank, and OECD. The income groups correspond to those currently established by the World Bank (World Bank List of Economies, July 2009).

In contrast, as table 9.1 also shows, the differential distribution in absolute terms of the three different flows takes on an entirely different

10. There was a certain readjustment of ODA during this period, with a relatively greater incidence of this flow in low-income countries at the expense of middle-income countries. In any case, as Alonso (2009) points out, international agreements geared toward providing aid to the least developed countries (LDCs) at a level between 0.15 and 0.20 percent of the GDP of the donor countries were not being honored, given that only nine countries of the twenty-two that comprise the OECD's Development Assistance Committee met this goal.

meaning in qualitative terms if we take into account the relationship between these flows and the GDP of the beneficiary countries. In this regard, low-income countries have the highest ratios, with the external financing received from all three categories equivalent to 18.22 percent of their GDP, far above the other two groups of countries.

But while the income of beneficiary nations emerges as a decisive variable when one studies the behavior of the three types of financial flows, the human development level of these nations—as reflected in the human development index (HDI) of the United Nations Development Programme (UNDP)—is no less decisive. In fact, these data reveal that those countries classified among those having a low level of human development (defined as 17 percent of the total of the countries under consideration) have absorbed no more than 1 percent of FDI or remittances during the past five years, which seems to indicate the importance of certain factors associated with the HDI, such as levels of education and health (related to the concept of human capital) in determining the relative importance of these two flows. Conversely, for this subgroup, ODA has come to represent a quantity equivalent to nearly 15 percent of GDP, which demonstrates the high level of dependence on external aid of the nations in this subgroup.

External Flows in Most Vulnerable Countries

In this chapter, we are particularly interested in the role played by each of the flows with respect to development financing in the most vulnerable (and therefore most highly dependent on foreign flows) countries. We thus examined the relationship between the sum of these three flows and the GDP of individual countries. We then selected those countries in which this relationship exceeded (on average) 10 percent from 2004 to 2008. From the resulting group, we excluded both European countries (which present a different set of problems) as well as those that the UN considers small island developing states (SIDS), whose distinctive characteristics result in special problems as regards development financing that do not lend themselves to being analyzed in the same way as other countries. We are therefore left, for the purposes of our analyses, with a group of sixty-three countries as shown in table 9.2.

This set of characteristics portrays a group of countries with grave financing deficits, and that are highly vulnerable in terms of develop-

Table 9.2. Countries selected, income group, development level, remittances, ODA, FDI, and total foreign flows compared to GDP, 2004–2008.

	Region	Income Group	LDCs ⁹	HD ¹⁰	HIPC ¹⁴	Rem % GDP	ODA % GDP	FDI % GDP	Total
Afghanistan	SAS ¹	LIC ⁶	LDC	LHD ¹¹	HIPC	0.00	43.16	3.20	46.37
Angola	SSA ²	LMC ⁷	LDC	MHD ¹²		0.17	0.98	19.65	20.80
Bangladesh	SAS	LIC	LDC	MHD		8.86	2.31	1.18	12.35
Belize	LAC ³	LMC		MHD		4.97	1.25	11.06	17.28
Benin	SSA	LIC	LDC	LHD	HIPC	3.81	8.90	2.18	14.88
Bhutan	SAS	LMC	LDC	MHD			9.42	2.57	11.98
Bolivia	LAC	LMC		MHD	HIPC	5.67	5.67	1.61	12.95
Burkina Faso	SSA	LIC	LDC	LHD	HIPC	0.81	13.39	1.81	16.01
Burundi	SSA	LIC	LDC	LHD	HIPC	0.09	46.87	0.04	46.99
Cambodia	EAP ⁴	LIC	LDC	LHD		3.64	7.99	7.20	18.83
Central African Republic	SSA	LIC	LDC	LHD	HIPC	0.00	9.84	3.52	13.35
Chad	SSA	LIC	LDC	LHD	HIPC		5.53	8.06	13.59
Congo	SSA	LMC		MHD	HIPC	0.19	6.63	18.78	25.60
Congo, Dem. Rep.	SSA	LIC	LDC	LHD	HIPC		19.24	3.50	22.74
Djibouti	MNA ⁵	LMC	LDC	MHD		3.61	12.71	18.04	34.35
Dominican Republic	LAC	UMC ⁸		MHD		8.49	0.28	4.48	13.25
Egypt, Arab Rep.	MNA	LMC		MHD		5.28	1.02	6.79	13.09
El Salvador	LAC	LMC		MHD		17.65	0.96	3.63	22.24
Equatorial Guinea	SSA	UMC	LDC	MHD			0.30	15.13	15.43
Eritrea	SSA	LIC	LDC	LHD	HIPC		17.04	-0.14	16.90
Ethiopia	SSA	LIC	LDC	LHD	HIPC	1.47	13.85	2.00	17.32
Gambia, The	SSA	LIC	LDC	LHD	HIPC	10.54	12.73	10.88	34.14
Ghana	SSA	LIC		MHD	HIPC	0.84	9.72	6.14	16.70
Guatemala	LAC	LMC		MHD		11.70	1.26	1.93	14.88
Guinea	SSA	LIC	LDC	LHD	HIPC	1.81	6.13	10.73	18.66
Guinea-Bissau	SSA	LIC	LDC	LHD	HIPC	8.28	27.82	3.59	39.69
Guyana	LAC	LMC		MHD	HIPC	23.96	16.10	11.41	51.46
Haiti	LAC	LIC	LDC	MHD	HIPC	20.54	10.81	1.11	32.46
Honduras	LAC	LMC		MHD	HIPC	19.52	5.34	6.32	31.18
Jordan	MNA	LMC		MHD		19.81	4.14	12.95	36.90
Kenya	SSA	LIC		MHD		4.91	4.24	0.79	9.94
Lao PDR	EAP	LIC	LDC	MHD		0.03	9.95	4.27	14.25
Lebanon	MNA	UMC		HHD		24.18	2.74	11.42	38.33
Lesotho	SSA	LMC	LDC	MHD		25.81	6.80	6.78	39.40
Liberia	SSA	LIC	LDC	LHD	HIPC	9.14	82.47	16.89	108.50

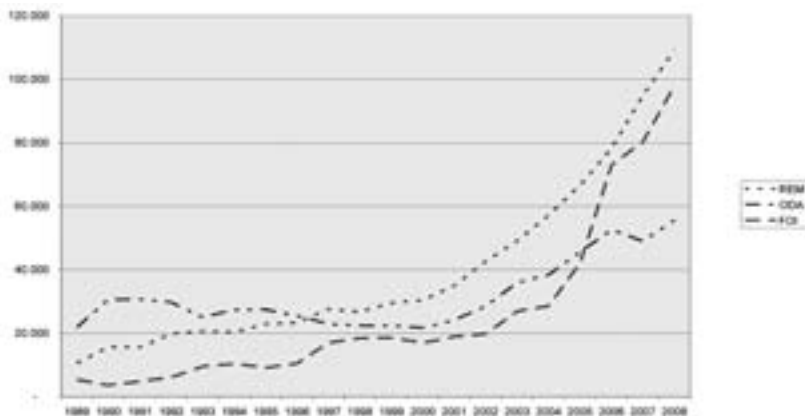
	Region	Income Group	LDCs ⁹	HD ¹⁰	HIPC ¹⁴	Rem % GDP	ODA % GDP	FDI % GDP	Total
Madagascar	SSA	LIC	LDC	MHD	HIPC	0.18	14.92	8.74	23.83
Malawi	SSA	LIC	LDC	LHD	HIPC	0.03	20.69	1.55	22.27
Mali	SSA	LIC	LDC	LHD	HIPC	3.90	12.96	1.92	18.78
Mauritania	SSA	LIC	LDC	MHD	HIPC	0.09	10.59	14.00	24.67
Mongolia	EAP	LMC		MHD		5.83	7.05	9.19	22.08
Morocco	MNA	LMC		MHD		8.12	1.38	2.97	12.46
Mozambique	SSA	LIC	LDC	LHD	HIPC	1.10	21.32	4.10	26.52
Nepal	SAS	LIC	LDC	MHD		16.78	5.65	0.00	22.44
Nicaragua	LAC	LMC		MHD	HIPC	12.58	16.04	6.63	35.24
Niger	SSA	LIC	LDC	LHD	HIPC	1.86	14.03	1.93	17.83
Nigeria	SSA	LMC		MHD		4.17	2.99	7.42	14.58
Panama	LAC	UMC		HHD ¹³		0.86	-0.03	9.82	10.65
Philippines	EAP	LMC		MHD		12.25	0.37	1.61	14.23
Rwanda	SSA	LIC	LDC	LHD	HIPC	1.03	21.92	1.40	24.35
Senegal	SSA	LIC	LDC	LHD	HIPC	9.54	8.88	2.66	21.08
Sierra Leone	SSA	LIC	LDC	LHD	HIPC	5.13	26.83	4.46	36.42
Sri Lanka	SAS	LMC		MHD		7.68	2.59	1.60	11.86
Sudan	SSA	LMC	LDC	MHD		4.45	4.92	6.52	15.89
Suriname	LAC	UMC		MHD		1.47	3.60	10.19	15.26
Tanzania	SSA	LIC	LDC	MHD		0.10	13.26	3.65	17.01
Togo	SSA	LIC	LDC	LHD		10.01	5.78	2.82	18.62
Tunisia	MNA	LMC		MHD		4.85	1.19	5.58	11.62
Uganda	SSA	LIC	LDC	MHD		3.71	13.71	5.31	22.72
Vietnam	EAP	LIC		MHD		7.78	3.36	6.56	17.70
West Bank and Gaza	MNA	LMC				15.13	42.75	0.90	58.78
Yemen	MNA	LIC	LDC	MHD	HIPC	6.73	1.39	2.39	10.51
Zambia	SSA	LIC	LDC	LHD		0.58	11.84	7.35	19.78
Zimbabwe	SSA	LIC					9.48	1.34	10.82

¹ South Asia² Sub-Saharan Africa³ Latin America and Caribbean⁴ East Asia and Pacific⁵ Middle East and North Africa⁶ Low-income countries (World Bank classification)⁷ Lower middle income countries (World Bank classification)⁸ Upper middle income countries (World Bank classification)⁹ Least developed countries (UN-classification)¹⁰ Human development¹¹ Low Human Development¹² Medium Human Development¹³ High Human Development¹⁴ Heavily indebted poor countries

ment.¹¹ It is therefore important to specifically analyze the tendencies in these countries regarding the behavior of these flows. Overall financing through the three external flows studied reaches levels of between 10 and 40 percent of the GDP for all countries, with the exception of the five most extreme cases (Afghanistan, Burundi, Guyana, the West Bank and Gaza, and Liberia), which involve high levels of foreign aid, and which reflect special circumstances.

In general, and considering all sixty-three countries as a whole, figure 9.3 demonstrates a sharp increase in FDI (which increased by a factor of 18 during the period) and remittances (by a factor of ten), and a lesser increase in ODA (which only increased by a factor of two and a half). Despite the pronounced growth in foreign investment, though, in contrast to the global tendencies in figure 9.1, remittances continued to be more important than FDI in these countries, which are highly dependent on foreign financing.¹²

Figure 9.3. FDI, remittance, and ODA trends in the countries selected, 1989–2008 (in millions of dollars).



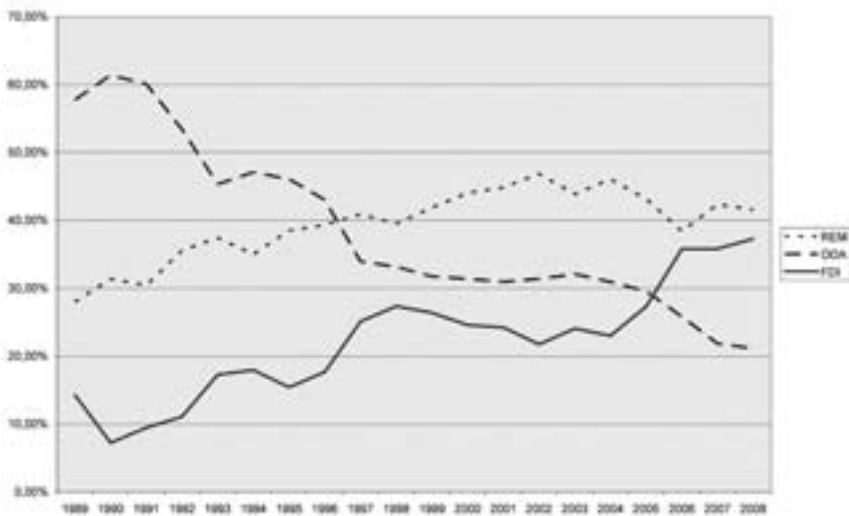
Source: data from UNCTAD, World Bank, and OECD.

11. Taking as a baseline the average of the last five years (2004–8) and of the first five years (1989–93), the relative importance of these three flows in relation to GDP increased in forty-three of the countries.

12. The exclusion of the three countries that have received the highest flows of external investment during the last period (Nigeria, Angola, and Egypt) modified the relative importance between FDI and ODA, with the latter assuming the leading position.

The FDI increase was, however, concentrated in a small number of countries (fourteen of them absorbed 80 percent of FDI, with the remaining 20 percent distributed among the rest of the forty-nine countries). This shows the more general pattern of FDI and its tendency to be concentrated within relatively few countries. A similar phenomenon occurred with remittances, 80 percent of which were concentrated in twelve countries. In contrast, the distribution of ODA was more balanced. There were only two countries that absorbed more than 5 percent of ODA during the period 2004–8, and to reach an aggregate total of 80 percent, one has to include the figures of thirty countries.

Figure 9.4. Evolution of the relative incidence of FDI, ODA, and remittances for countries studied.



Source: Data from UNCTAD, World Bank, and OECD.

Verification of this differential profile of the various external flows allows us to also appreciate the change in the impact of these flows during the period under study. The gradually decreasing significance of ODA, which in 1989 represented nearly 60 percent of the flows and in 2008 represented just slightly more than 20 percent (figure 9.4) is especially noteworthy. However, as noted, the relative impact of FDI in the group as a whole was due primarily to the steep increase of this flow to a very small

number of countries.¹³ One should therefore exercise prudence in proposing overly general conclusions regarding the reduced impact of ODA in development financing in relation to other flows, such as foreign investment. That said, there was a stable and consolidated growth in remittances, which within this group constituted the most important source of external financing of the three in question.

Flows Behavior According to Country Groups and Areas

A more detailed analysis demonstrates that, for example, in absolute terms, the FDI for this group of countries was primarily destined for sub-Saharan Africa (50.4 percent). This was due to the fact that these countries represented more than one half of the group (thirty-four of sixty-three). However, such a reading is actually deceptive because, in the case of sub-Saharan Africa, five countries (Angola, Nigeria, Equatorial Guinea, Congo, and Sudan) absorbed 79 percent of the total FDI in the area, which represents an even higher concentration than that mentioned above for the rest of the group. Moreover, five countries in particular received a large proportion of investments in the oil sector in recent years, and these were categorized as low-medium income countries, something that is also explained by the concentration of FDI within this particular income segment (67 percent of the total).

Considering the impact of FDI in relative terms—as a function of its relationship with the GDP of the beneficiary nations—and even though it displays a lot of variation, FDI grew in all of the areas between 1989 and 2008. Sub-Saharan Africa is a region where foreign investment levels are high in relation to GDP, and this ratio increased from 2 percent in 1989 to nearly 9 percent in 2008, although the significance of this increase needs to be considered in the light of the previously noted high level of concentration of FDI.

As regards remittances, this source of external flows increased in absolute terms in all of the areas, with only slight differences. Yet important differences emerged when countries within the group were compared with respect to nongeographic variables. Thus, for example, remittances increased more significantly in middle-income countries than in low-income countries, a difference that was much greater if the remittances

13. In addition, it is necessary to point out the higher volatility of FDI as compared to the two other flows.

destined for countries of medium human development were compared with remittances destined for countries with low human development.

Considering remittances in relative terms, through their impact in relation to GDP within the beneficiary countries and areas, there was a growing trend everywhere except North Africa and the Middle East, where the remittances/GDP ratio declined between 1992 and 2000. In general, in every area remittances represented quantities that have hovered around 10 percent of GDP in recent years. The exception was sub-Saharan Africa, where remittances collectively represented somewhat more than three percent of GDP for those countries in this region. Marked differences also emerged when the impact of remittances relative to GDP was considered together with the human development variable. Thus, among the countries within the group considered to have medium human development, remittances were 7.5 percent of GDP, while in those countries classified as having low human development, it was about 2.5 percent.

As regards ODA, it hardly grew at all in absolute terms, with the exception of sub-Saharan Africa, where it increased by a factor of eight, and where 60 percent of the ODA for the group under consideration was concentrated during the five-year period between 2004 and 2008. For the remaining areas, variation was very small. Similarly, when we look at the income of the beneficiary countries, ODA grew the most in low-income countries (where it almost tripled during the period 1988–2008) than in countries of low-medium income, where it doubled.

ODA behavior in relation to GDP in individual countries represents significant characteristics. The most striking of these is the fact that, in all areas, ODA impact diminished in relation to GDP. This tendency was even more marked in sub-Saharan Africa (the region where these flows grew the most in absolute terms), with the ODA/GDP ratio dropping from 9 percent in 1989 to 5 percent in 2008. This tendency was less pronounced as regards ODA behavior as a function of the level of income or the level of human development. In the former case, there was a less pronounced decrease in the ODA/GDP ratio in low-income countries than in other countries. However, only those countries classified as having low human development maintained a high ODA/GDP ratio (around 15 percent). In any case, and independently of geographical area, there was a clear downward trend in the ODA/GDP ratio during the period 1994–2000, followed by an abrupt recovery, before again falling beginning in 2003.

Relative Impact of Flows in Different Areas and Country Groups

A comparative analysis of these flows within the different areas and subgroups of countries is also revealing. Nevertheless, all geographical areas were not equally represented among the sixty-three countries under study, and this limits our general conclusions. For sub-Saharan Africa, an area strongly represented in the group (thirty-four countries and more than 80 percent of the total countries in the region) ODA continued to be the most important source of financing throughout the entire period, despite the increase in FDI in recent years. Yet there was also a marked increase in emigrant remittances to this region during the last five years, in which time they nearly tripled. In relative terms (examining changes in the region according to the importance of each flow in relation to GDP) the downward trend in ODA stands in contrast to the relative increase in FDI (which, once again, was inflated due to sharp increases in a small number of countries), and a slow but stable growth in remittances.

In Latin America and the Caribbean—an area represented by eleven of the sixty-three countries in the group—emigrant remittances as a source of external financing grew in importance compared to the other two flows. This growing importance of remittances was confirmed by the fact that, in eight of the eleven countries in this area, remittances represented the most important source of external financing. This trend was especially marked in the Central American countries, except for Nicaragua, where ODA exceeded remittances during the last five years. In this subregion, in addition to remittances being the principal source of external financing, their increasing impact was notable in both absolute terms and in relation to GDP.

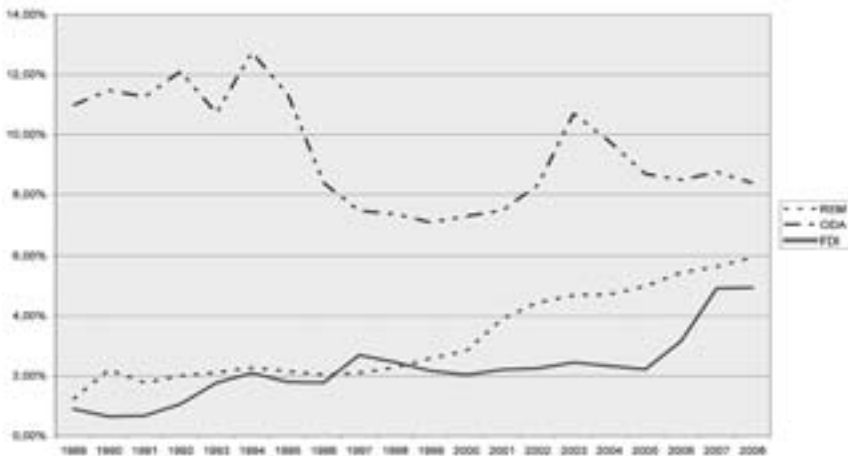
There was a similar trend in North Africa and the Middle East, a region where, despite vigorous FDI growth in recent years in countries such as Morocco, Tunisia, Lebanon, and especially Egypt, remittances continued to be the most important external source of financing. ODA flows to the region, on the other hand, fluctuated considerably throughout the period under study, and were closely linked to geopolitical factors related to the conflict in the Middle East.¹⁴ Relative to GDP, this region displayed an overall growth trend in FDI (amid fluctuations), a plateau in remittances, and a slight decrease in ODA.

14. In the case of the West Bank and Gaza, ODA represented a quantity equivalent to 43 percent of GDP.

As regards the other two regions of the group (South Asia and East Asia/Pacific), they had only limited representation (five countries each), and thus the data need to be treated with a certain degree of caution. Nevertheless, there appeared to be a relatively greater impact of remittances in these regions, when compared to the other two flows. FDI and ODA had similar levels of importance in East Asia, while ODA had less of an impact in South Asia.

An analysis of the distinct subgroups of countries as a function of income levels reveals that, in absolute terms, there was a higher impact of remittances and FDI (in this order) in medium-income countries, while in low-income countries, there was a higher level of ODA (although a marked increase in the contribution of both FDI and remittances was noted in this group as well). Analysis in relative terms (as a function of GDP) does not modify the relative importance of the three flows, but does lead to a certain qualification of the results, since it reveals a gradually decreasing relevance of ODA, even in low-income countries (see figure 9.5).

Figure 2.5. Evolución of FDI, ODA, and remittances relative to GDP in low income countries studied, 1989–2008.



Source: Data from UNCTAD, World Bank, and OECD.

These differences in behavior among regions and income groups grow more marked when we observe countries in relation to their level of human development. In this respect, the distance between countries of medium human development and countries of low human develop-

ment are very great indeed as regards the flows of FDI and remittances they received. This appears to be due to the influence of certain factors other than income (such as levels of health and education), as key variables that came into play in terms of attracting investments or exporting manual labor. While remittances and FDI were, in this order, clearly more important in the medium human development countries of the group, ODA was clearly the dominant source for those countries of low human development, where the relative importance of FDI and remittances was much lower.

Conclusion

Our conclusions here are preliminary results that require further development in the future. In general terms, as is the case for the entire group of DCs, flows of FDI and remittances increased to a greater extent than ODA throughout the period studied. However, in contrast to what occurred for the DCs as whole (where flows of FDI exceeded remittances) in the group of countries examined here, remittances constituted the most important of the three flows.

Further, the vigorous growth of FDI was highly concentrated in very few countries. Specifically, fourteen countries absorbed 80 percent of foreign investment. In addition, the growth in question occurred relatively recently and in no way represented a trend that would definitely continue. FDI was concentrated in sub-Saharan Africa, where growth was greater in recent years and where investment flows to that continent were closely related to the primary materials (especially oil) sector. This casts a certain shadow on the behavior of these flows in the coming years, given the instability associated with the world economic crisis.¹⁵ Furthermore, this shadow is cast within an environment of concerns regarding not only a pattern of financing dependent on the excessive specialization in the export of primary materials, but the impact of such a pattern on development.

Consequently, the commitment expressed in Monterrey to the critical importance of private flows (especially FDI) as the principal vector of external financing of DCs does not reflect its real importance, at least

15. According to UNCTAD “FDI flows to Africa’s 33 least developed countries (LDCs) suffered a major decrease in 2009 due to a crisis-induced lull in the global demand for commodities, which is a major driver for FDI in these economies” (2010, 3).

as regards most of the countries that demonstrate the highest degree of dependence on external financing. It is therefore necessary to continue to conduct more specifically targeted studies that are capable of shedding greater light on the potential and limitations of individual DCs, something that analyses of DCs collectively are incapable of doing.

Secondly, the results of our analysis demonstrate the growing relevance of remittances in all of the areas and groups of countries within the sample we studied, although they were of particular importance in Latin America, North Africa, and the Middle East. Remittances destined for the countries studied also represented a marked degree of concentration, given that 80 percent of them were sent to only twelve countries. Nevertheless, the behavior of remittances was much more stable throughout the period studied and, in contrast to FDI, experienced very little fluctuation. Even in sub-Saharan Africa—a region that had the least impact of the three flows analyzed during the period—remittances grew significantly in recent years, in both absolute terms (doubling between 2004 and 2008) and relative terms (growing from one percent to three percent of GDP).

This growing importance of remittances as a source of external financing of the countries that are most vulnerable and most dependent on external flows, stands in contrast with the scant attention that they have received on the part of international bodies when it comes to studying their meaning and proposing measures that might maximize their potential. In this regard, there is a striking absence of measures such as the reduction of banking costs associated with remittances that could help to increase their impact.¹⁶

Finally, our analysis reveals that ODA, in contrast to the other two flows, was less concentrated and more balanced in its distribution, even though it had much more of an impact in sub-Saharan Africa and low-income countries than elsewhere. In this regard, for twenty-eight of the sixty-three countries in the group, ODA was, during the period from 2004 to 2008 the main source of external financing among the three studied, in absolute terms.

The varying impact of ODA on different groups of countries suggests that it does not function as a complement of private flows, acting merely to create conditions to facilitate further private flows from other sources,

16. According to the World Bank economist Dilip Ratha, an expert in remittances, “*Reducing these costs by half—a not so difficult target—could result in additional \$2.5 billion in remittance flows to Sub-Saharan Africa*” (World Bank 2008).

as was proposed in the Monterrey consensus. On the contrary, the behavior of private flows appears to be much more closely related to other kinds of factors, such as the importance of investments in particular strategic sectors for those countries that are the sources of FDI. In addition, an increasing proportion of the ODA flows aimed at the poorest countries have consisted of debt-forgiveness programs that, although calculated as ODA, do not represent a real increase in flows.

In more general terms, we insist that the behavior of the three flows displays distinct characteristics depending on whether DCs are considered collectively or whether countries having a higher degree of financial dependence and external vulnerability are studied separately. Similarly, the problems associated with the three flows are different for different areas and different individual countries. Regardless of such considerations, the analysis of the behavior of the three flows during the period studied reveals a trend of greater stability for emigrant remittances than for the other two flows. This phenomenon is worthy of further attention, given the importance of the role of the stability of financial flows in development processes.

In any case, it is important to note that, in forty-three of the sixty-three countries studied (68 percent of the group) the ratio of financing via each of the three flows to GDP increased from the first to the last five-year period. Taking into account the characteristics of the countries in the group—their vulnerability and their high degree of financial dependence on foreign sources—as well as their difficulties in accessing international capital markets, we are faced with an endemic problem that has not been effectively addressed in recent years. For this reason, the real behavior of these variables in recent years calls into question the strategies proposed by the majority of international financial bodies, and casts serious doubt on the validity of some of the assumptions expressed in the Monterrey consensus regarding the role of particular flows of development financing.

Finally, because these reflections refer to results obtained from data collected for the period from 1989 to 2008, they do not reflect the impact of the recent economic crisis. What remains to be seen is the way that each of the three flows responds to the changes that have resulted from this crisis, and its resulting impact on the external financing of the most dependent and vulnerable countries.

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Cooperation between the EU and Sub-Saharan Africa: A Development Proposal Based on Open Regionalism and Economic Partnership Agreements?

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After the failure of the Lisbon Summit in December, 2007, there was a growing awareness on the part of media outlets and public opinion regarding a conflict of interest involved in the stalemated negotiations for the signing of Economic Partnership Agreements (EPAs) between the European Union (EU) and various regional groups of sub-Saharan Africa—a region that is home to many of the most underdeveloped economies in the world. The refusal of various African governments to sign the agreements, in spite of their high degree of dependence on aid funds and their intensive commercial and capital exchange with the EU, is indicative of the highly controversial and sensitive nature of some of the issues included in the negotiation agenda. Moreover, all of this took place at a time when commerce and investment flows and diplomatic relations between sub-Saharan Africa and Asia intensified at a rapid rate, most especially within the context of what has come to be known as “China’s arrival in Africa.”

Within this context, this chapter attempts to present evidence of a transformation in the evolution of relations between Europe and Africa, as well as the EU’s main arguments for modifying previous plans and creating a new discourse and new practices. Given the circumstances, it

is important to consider the extent to which the new agreements engineered by the EU on the basis of the logic of open regionalism constitute an appropriate instrument for promoting development in sub-Saharan Africa.

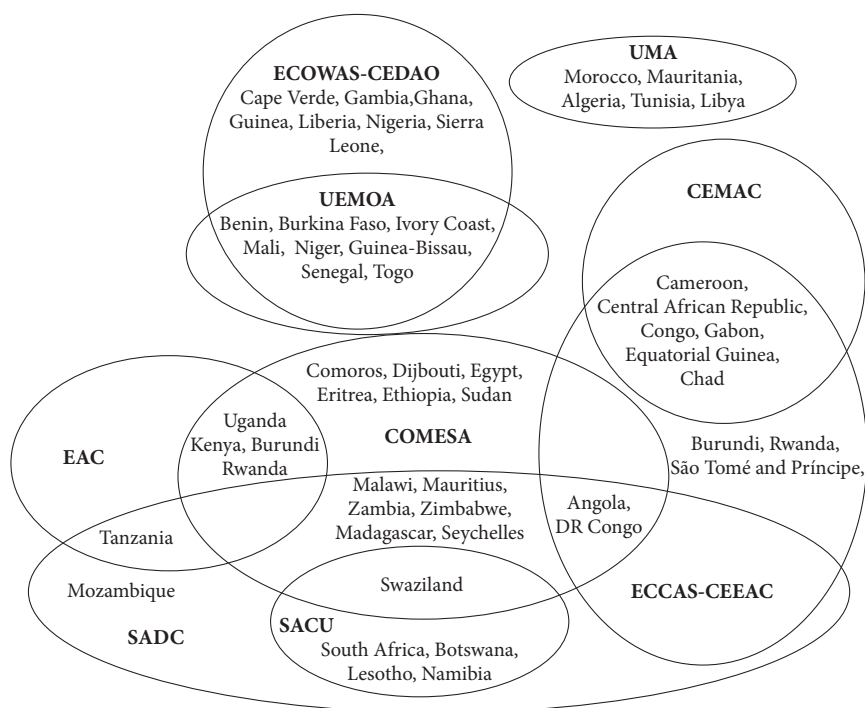
Regionalism in Africa and Recent Tendencies

Regionalist tendencies in Africa date back to the years following their political independence, and emerged within the context of a pan-Africanism that interpreted the formation of regional groups as pieces of a continental puzzle that needed to be gradually assembled. The drive toward regional integration on the continent stems from different logical justifications that are both economic and political in nature. However, there were significant problems in both the launching and later development of this integration. Unrestricted membership in different regional organizations that overlap in bureaucratic functions and structures has given rise to the African version of what the development literature has called “a spaghetti bowl” (figure 10.1).¹

In order to properly understand recent trends in this regard, it is necessary to refer back to the Lagos Plan of Action (LPA) at the summit of the Organization of African Unity (OAU) held in Nigeria in 1980, and also to recall the immediate reaction to this summit on the part of the financial institutions of Bretton Woods. The African leaders’ proposal attempted to find a way out of the economic crisis of the 1970s on the basis of a development strategy rooted in collective self-reliance, diversification of production, reduction in dependency on the primary exporting sector, and an emphasis on meeting basic needs. The creation of regional groups that were eventually formed throughout the continent became a central element of this strategy.

1. In addition to the regional groups included in the figure, the following groups should also be mentioned: IGAD (Intergovernmental Authority for Development), comprising Eritrea, Ethiopia, Djibouti, Kenya, Uganda, Sudan, and Somalia; CEN-SAD (Community of Sahel-Saharan States), comprising Algeria, Libya, Morocco, Tunisia, Chad, Central African Republic, Benin, Togo, Niger, Burkina Faso, Ivory Coast, Guinea Bissau, Senegal, and Liberia; IOC (Indian Ocean Commission), with member states Madagascar, Mauritius, and Seychelles; CEPGL (Economic Community of the Great Lakes Countries), comprising Rwanda, Burundi, and the Democratic Republic of Congo; SACU (Southern African Customs Union), with member states South Africa, Namibia, Botswana, Lesotho, and Swaziland; and MRU (Manu River Union), comprising Liberia, Sierra Leone, and Guinea.

Figure 10.1. Principal African regional groupings.



Acronym and year of establishment of each of the regional groupings:

CEMAS, Communauté Économique et Monétaire de l'Afrique Centrale (1994)

COMESA, Common Market for Eastern and Southern Africa (1994)

ECCAS-CEFAAC, Economic Community of Central African States-Communauté des États de l'Afrique Central (1983)

ECOWAS-CEDEAO, Economic Community of West African States- Communauté Économique des États de l'Afrique de l'Ouest (1975)

SADC, Southern African Development Community (1992)

SACU, Southern African Customs Union (1910)

UMA, Union du Maghreb Arabe (1989)

UEMOA, Union Économique et Monétaire Ouest Africaine (1994)

EAC, East African Community (1999)

The reaction of the World Bank swiftly followed with the publication of what became known as the *Berg Report* in 1981 and its series of explicitly neoliberal recommendations. Well-intentioned words and pan-Africanist projects were all quickly shelved, and pragmatic African governments began resorting to external financing offered by international institutions for the purpose of confronting different macroeconomic imbalances and the heavy indebtedness of their economies. Given that access to financing

was contingent on the application of specific economic policies within the framework of structural adjustment programs—policies and programs that were also in alignment with what was known as the “Washington consensus”—endogenous African development strategies were set aside in favor of a search for macroeconomic balance, a minimization of public intervention, production specialization, and an external orientation of national economies.

Currently, a large number of regional integration initiatives are being implemented on various continents at a time when the framework of multilateral liberalization on a global scale has come up against a number of obstacles to its continued progress. This has resulted in a change of attitude among even the most diehard neoliberals regarding the potential benefits of these initiatives, which are now conceived as preliminary plans aimed at facilitating multilateral liberalization. In this regard, international bodies that promote an unqualified economic liberalization, or governments that have only recently been incorporated into the regionalist dynamic, have changed their previous discourse in favor of an interpretation that holds that, despite its being only the second best option, regional integration may be acceptable as a means to promote development, but not on the basis of just any model.

Against this background, the concept of “open regionalism” emerged. The term refers to both the elimination of obstacles on a regional level and the reduction of barriers vis-à-vis third countries. Under such a rubric, regional processes are conceived as the bases for the construction (as “building blocks” rather than as “stumbling blocks”) of a more powerful global liberalizing project. Such a view formed the basis of a stance that was favorable to regional integration, understood as a synonym of economic liberalization within a particular supra-state geographical context, as long as such liberalization did not constitute an obstacle, but rather represented the intermediate phase toward the final objective of deregulation and a complete opening on a global scale, in accordance with the neoliberal model of globalization (Bhalla and Bhalla 1997).

This new regionalism has in turn involved a spatial expansion of the concept of region to the level of a continent or even multiple continents, as well as the formation of joint participation plans in the processes of countries with dramatic differences in development levels (e.g., North-South regionalism). Examples of this are NAFTA (the North American Free Trade Agreement), the currently stalemated project of the formation of a Free Trade Area of the Americas (FTAA) on the American continent,

and similar projects between the ASEAN (Association of Southeast Asian Nations) and China in Asia, and between sub-Saharan African countries and the EU in the post-Lomé era.

Despite the fact that these initiatives have often been interpreted as nothing more than an intermediate step toward global liberalization, they should also be analyzed as representative of competition among the countries of the center. This competition is evident in the will to expand and guarantee markets, as well as in the expansion of investments in those areas they consider within their sphere of influence. In fact, one of the characteristics of this “new regionalism” emerging in the 1990s is that it involves countries in the center and periphery of the system, something that would have been previously unthinkable (Bidaurratzaga and Colom 2005).

Within this context, a reductionist view of regional integration is employed in which institutionalization is very weak, and often limited to matters concerning free trade, but where there is an additional agenda of “trade-related issues” that includes other controversial themes such as the liberalization of capital markets and the protection of intellectual property rights.

The Lomé Model: Its Evolution and Proposals for Its Transformation

Beginning in 1975, the Lomé Conventions (I–IV) constituted the frame of reference that governed relations between the countries of Western Europe and their former colonies within the African, Caribbean and Pacific Group of States (ACP), a total of forty-eight African countries in the sub-Saharan region, the majority of which are classified among the less developed countries (LDCs).

The Lomé model, which was representative of the development cooperation policy of the European Economic Community (EEC), in addition to providing technical and financial support, was in large part defined by preferential and nonreciprocated access to the European market for products from ACP countries. In practical terms, this involved applying nonreciprocal positive discrimination to the countries of sub-Saharan Africa as a response to postcolonial calls for a New International Economic Order (NIEO). Nevertheless, these measures in turn enabled privileged access on the part of European countries to African raw materials at a time when their price was rising in international markets. Further-

more, this preferential arrangement has included the important exception of products protected under the European Common Agricultural Policy (CAP). Thus, in the case of the agricultural sector, it is mainly tropical products that have benefited from more favorable conditions of access to the European market.

As the date approached of the expiration in 2000 of Lomé VI, which had been revised in 1995, a debate arose regarding the overall results that had been obtained and the possible modification of the framework of relations that had been in force until that time. This process was triggered by the publication of what came to be known as the Green Paper in which, for the first time, the European Commission made a detailed reassessment of the previous plan (European Commission 1997).

First, the ineffectiveness of the Lomé model was pointed out, in terms of both failure to meet its most ambitious objectives (the reduction of poverty and the attainment of higher levels of economic and social development), and its more specific and measurable short-term objectives (increasing the relative importance of export products of ACP countries in European markets). In fact, in terms of trade, the market share of exports of ACP countries in Europe had actually decreased. Such a result contrasted with the situation of other developing economies, especially those of Asian countries, where the absence of preferential treatment had resulted in increasing the relative importance of their exports in European markets. Yet a number of authors have questioned the self-serving diagnosis of the EU in dubbing the Lomé nonreciprocal system of preferences a failure. This criticism was based on the fact that, if such a system were indeed a failure, it would be difficult to understand the insistence on the part of African governments to maintain it (Mold 2007).

Secondly, the Lomé agreements' incompatibility with the multilateral regulations of the World Trade Organization (WTO), on account of them contradicting some of the WTO's basic principles such as reciprocity and nondiscrimination, was highlighted. The exception to the principle of reciprocity, via the controversial article 24 for the case of regional integration agreements, did not apply. And as regards the principle of most favored nation (MFN)—representative of the absence of discrimination because it states that a market opening for one country must be extended to all WTO members—the nonreciprocal preferential framework of Lomé was authorized as an exception by means of an "Enabling Clause" for cases in which such an advantage was applied to the entire group of countries

with developing economies, and not just to some of them (Gibb 2000; McQueen 1998).

Finally, the EU defended the necessity to differentiate between some countries and others within the ACP group as regards the variables of both socioeconomic development and the evolution of this development in recent decades. Thus, the appropriateness of a preferential treatment designed to promote such development was considered very different depending on these factors. This suggests the application of distinct criteria for LDCs² as compared to the rest of the ACP. Despite these incompatibilities, in recent years it has been possible to continue to apply the Lomé model thanks to the acceptance of the two temporary exemptions requested by the EU with respect to the aforementioned multilateral WTO regulations, the last of which expired on December 31, 2007.

On the basis of the aforementioned arguments, at the end of 1998, negotiation got underway that would lead to the Cotonou Agreement. In these negotiations, the EU exerted strong pressure in order to reorient the short-term course of previous relations on the basis of reciprocal trade liberalization as a means of improving the efficiency and competitiveness of production systems, as well as the capacity of playing a role in the global economy of their former colonies. Paradoxically, the interpretation of the ACP representatives was very different: these countries sought to indefinitely continue on the basis of the previous model and, if this was not possible, then to promote a high degree of flexibility in the new agreements as regards sensitive issues and transition periods so as to promote a nontraumatic adjustment to the new situation (Hurt 2003; Hartzenberg 2000).

From the Cotonou Agreement to the EPAs

After a year and a half of negotiations between the two parties, in June 2000 the Cotonou Agreement was signed as a substitute regulatory framework to that which had governed relations between the EU and the

2. The LDC classification follows the UNCTAD (United Nations Conference on Trade and Development) criteria, which were also employed by the WTO, but which do not always coincide with the criteria employed by the World Bank or the UNDP (United Nations Development Program) for countries with low levels of economic development. Thus, the developmental levels of nations such as Cameroon, Congo, Ivory Coast, Kenya, and Nigeria obtain lower development levels than other African nations considered LDC when the HDI (human development index) is used as a criterion.

ACP countries during the previous twenty-five years. The Cononou Agreement extended preferential treatment on a temporary basis until the conclusion of negotiations on EPAs, which was expected to take place before the end of 2007. While the political aspects of the agreement include a wide range of fresh topics, and serve to reinforce those issues addressed in the revised Lomé IV, the most significant transformations occurred in the new agreement's economic and especially trade provisions.

In accordance with the position defended by the EU during negotiations on the agreement, the fundamental change involved replacing the old trade arrangement of unilateral preferences by a reciprocal arrangement. Thus, bidirectional trade liberalization was envisaged by means of establishing free-trade areas. All of this was perfectly consistent with the multilateral WTO regulations, and was also in line with previous initiatives on the part of the United States to create either a large free-trade area encompassing the entire American continent (the FTAA) or, on a more modest scale, bilateral or regional free-trade areas (FTAs) with the largest possible number of Latin American countries. Both dynamics, interpreted within the frame of reference of the new open regionalism, attempt to formally link the United States to its former areas of influence in economic terms, and within a context in which these areas see themselves as being somewhat threatened by some of the emerging economies of Asia in general, and most especially by the growing influence of China's economic and political relationships—a phenomenon that has generated such a high degree of controversy in Africa (Unceta and Bidaurratzaga 2008; Oya 2007; Banarjee 2007).

One differentiating element in this new European model is its name. In contrast to trade agreements between countries on the American continent, the new agreement does not include the expression "free trade." Instead, the term used is Economic Partnership Agreements (EPAs). These agreements, in addition to including reciprocal trade, also incorporate technical and financial assistance within the framework of the European Development Funds (EDFs), and which complement the bilateral development agreements between individual EU and APC countries. Another novel feature of these new agreements is the special treatment accorded to LDCs via the maintenance of the previous nonreciprocal preferential arrangement. This special treatment includes LDCs not only in the ACP

group, but throughout the entire world, thanks to the “Everything But Arms” (EBA) initiative³ that was launched by the EU in 2001.

The Cotonou Agreement, in its role as “an agreement to reach an agreement,” did not define the details of every EPA, indicating that these should preferably be negotiated with preestablished regional groups. These negotiations were to take place prior to the implementation of trade liberalization provisions of the agreement in 2008, with the agreement entering into full force no later than 2020. Thus, after a year of joint negotiations, the process of negotiation between the EU and some regional African groups began in September 2003, with other negotiation processes beginning the following year (Marín 2007).

Through this instrument, a total of four independent negotiation frameworks were established: with the Economic Community of West African States (ECOWAS), plus another country in the region; with the Economic and Monetary Community of Central Africa (EMCCA) and two other countries in the region; with the Southern African Development Community (SADC); and with the so-called ESA group, consisting mainly of member nations of the Common Market for Eastern and Southern Africa (COMESA), and which includes members of both the East Africa Community (EAC) and some of the countries in the SADC.

From the very beginning of this negotiation process, the European Commission rigidly adhered to the timetable that envisioned the launching of EPAs on January 1, 2008. Its main argument for this was based on the expiration of the extension granted by the WTO that had allowed the continuation in recent years of the nonreciprocal preferences authorized by the Lomé agreements. In this regard, the EU has made it clear until now that, in the absence of an agreement, there would be no possibility other than EBA treatment for LDCs, and the downgrading to a substantially less favorable preferential framework, such as the Generalized System of Preferences (GSP), for the remaining countries.

In contrast to this position, most African governments and various European and African networks of social movements and nongovernmental development organizations (NGDOs)⁴ have insisted on the need to be flexible with deadlines and to place limits on the subjects included in

3. The EBA allows LDCs access to the European market unencumbered by tariffs and quotas for any of their imports, with the exception of weapons. Also excluded under this initiative are certain agricultural products, such as bananas, rice, and sugar (Marín 2007).

4. See the campaign “Stop EPAs,” sponsored by the 2004 African Social Forum.

the negotiation agenda, opting to explore alternatives to EPAs, a course of action recommended by the Cotonou Agreement itself in the absence of any formal agreement. Actual proposals have ranged from the inclusion of subjects exclusively related to the trade of goods (the so-called EPA light) to the request for a new extension of the corresponding exemption in the WTO allowing the Lomé provisions to continue to be applied until the EU grants GSP+ or “improved” status.⁵ All this has made it clear that the TINA (“there is no alternative”) principle has more to do with a lack of political will than with any real possibility of being able to offer alternatives (Bilal and Rampa 2006; Mold 2007; Marín 2007).

Recent Developments in the Negotiation of EPAs

Thus, the negotiation stage for EPAs has been reached with proposals from the two sides that are substantially different in two specific respects: first, as regards the timetable for the conclusion of negotiations and the launching of the agreements and, secondly, as regards the scope of the accords in terms of the issues that they address.

Finally, by the deadline date set by the EU (January 1, 2008), there was only one “full EPA that was limited to Caribbean nations. The rest of the ACP countries, either individually or in subgroups, had to be content with interim or partial accords that were effective as of that date. While most LDCs have had recourse to the extension of a nonpreferential trade arrangement by means of the EBA initiative, most African non-LDCs (comprising eighteen countries) have signed some kind of partial agreement, either individually or in subgroups, although with vastly different liberalization timetables. The exception to this rule are the cases of Nigeria, The Republic of the Congo, Gabon, and South Africa, although the latter had previously signed its own individual agreement with the EU—the Trade Development and Cooperation Agreement (ECDPM 2010; Marín 2008).

Interim agreements were a means of skirting the problem of incompatibility with the WTO regulations without addressing the most sensitive and controversial issues like trade involving services and trade-related issues such as the liberalization of investments, intellectual property

5. By means of the “GSP+,” the EU provided a greater degree of tariff preferences than the GSP to developing countries with the weakest economies that accepted a series of international agreements regarding human rights, sustainable development, good government, etc.

rights, and public procurement. In general, these agreements include a clause (the “*rendez-vous* clause”) whereby the negotiated terms do not represent a final agreement, and which therefore implies that the ACP countries are to continue negotiating about the sensitive subjects that have been elided in the accords. These circumstances have given rise to considerable controversy between the two parties because while the African countries have made clear their opposition to the inclusion of these subjects, the EU has continued to display a self-serving and paternalistic stance, continuing to insist on the important advantages of their inclusion for those countries as a means of facilitating their inclusion in the global economy (Bidaurratzaga 2008).

In terms of the groupings established in the four previously mentioned regions, the advances of negotiations of EPAs have been as follows (ECDPM 2010; Marín 2008): In West Africa, there has been no joint regional agreement. Two countries, Ivory Coast and Ghana, individually signed interim EPAs in December, 2007. Nigeria, the other non-LDC in this region, has not signed any interim agreement, and has requested inclusion in GSP+, a status it has been denied. Finally, Cape Verde, which lost its LDC status in January 2008, will continue to be able to export for the next three years on the basis of the same EBA arrangement enjoyed by LDCs.

Similarly, there has been no interim regional accord signed among the countries of Central Africa, although one of the non-LDCs in this region, Cameroon, individually reached an agreement in December 2007 that was subsequently finalized in 2009, although it has proved difficult to put into practice. The other non-LDCs in the region, Gabon and the Republic of the Congo, continue to have no partial agreement.

In East and Southern Africa, in November 2007 the EAC member countries (Kenya, Uganda, Burundi and Rwanda) decided to form a separate EPA. However, negotiations for the signing of this agreement remained stalemated until March, 2010, when agreement in principle was announced that would enable the signing within a short time of an interim EPA, with the finalization of a long-term EPA by the end of 2010. Among the rest of the countries of the ESA region, by the end of 2007, six countries (Seychelles, Zimbabwe, Mauritius, Comoros, Madagascar, and Zambia) had also reached interim agreements, all of which were signed in 2009 except in the cases of Comoros and Zimbabwe. The partial agreements reached in this region include both LDC and non-LDC nations.

Finally, in Southern Africa an interim regional agreement has been reached by only five countries: Botswana, Lesotho, Swaziland, Mozambique, and Namibia. Yet Namibia has still not ratified this internal agreement (signed by the other countries in June 2009), which has significantly delayed its implementation. The main obstacle to ratification cited by the Namibians has to do with the threat represented by the EPA to the process of regional integration (Ndjebela 2010). In the face of this situation, the remaining countries that have signed the agreement continue to negotiate as a bloc, and will not report their interim agreements to the WTO until conflicts among the EU, Namibia, and Africa are resolved (Julian 2010).

Can EPAs Contribute to the Development of Sub-Saharan Africa?

There has been intense debate about these agreements, and especially their potential to contribute to the development of the economies of sub-Saharan Africa. The European Commission has emphasized the positive aspects of its negotiation proposals, and believes EPAs represent an unprecedented opportunity in terms of their overall contribution to economic growth, poverty reduction, and the involvement of the economies of sub-Saharan Africa in the world economy by means of improved productivity and competitiveness, attraction of foreign investment, and the strengthening of existing regional groups.

In contrast, criticism on the part of African governments, academics, and civil society within individual African countries, points to a wide range of objections such as a loss of customs revenues, the vulnerability of particular sectors to European competition, the EU's double standard, the weakness of their negotiating leverage, distortion of regional African integration processes, and the conclusion of a wide range of controversial issues services and trade-related issues such as investments, intellectual property rights, and public contracting.

As regards the reciprocal liberalization of the trade of goods, given that European markets are for the most part liberal in terms of their permitting the entry of African products, the main effect will be an increase of EU exports to sub-Saharan Africa. Even though this will allow the importing of consumer goods and cheaper, higher quality inputs, and the pace of liberalization will be slower for those goods that are considered more "sensitive," the reduction of tax revenues will reduce the meager resources of the public sector, and a number of sectors will be incapable of dealing

with more competitive European companies. In this context of a commitment to free trade, and of a supposedly scrupulous respect for WTO regulations, the EU's double standard in terms of its protection of the agricultural sector deserves special attention in terms of its incoherence, even after the European Commission's recent offer of a "duty-free, quota-free" arrangement for products entering European markets contingent on the approval of EPAs, because subsidies to those same protected sectors will continue unabated.

Inclusion in the negotiating agenda of the issue of services, despite the EU argument regarding cost reduction and improving competition within the economies of sub-Saharan Africa, has generated a great deal of controversy. This is because of its potential threat to local companies in sectors such as telecommunications and banking, as well as in other sectors in which European companies are highly competitive. It is obvious that, in terms of the liberalization of services, the EU does not have the least interest in services involving the presence of actual persons, especially those with few qualifications.

Another controversy has had to do with trade-related issues, especially those involving investments and intellectual property rights. With regard to the liberalization of capital movements, along with the reduction of African imports and free entry into European markets, the attraction of foreign investment to various sectors is predictable, as well as the concentration of this investment on the basis of criteria that are not necessarily desirable. All this points to the need to establish performance requirements that will maximize the positive effects of European investment on the development of African economies. However, as in the case of Latin American Free Trade Areas, the tendency in Africa appears to be the opposite. Thus, the failed proposal of a Multilateral Agreement on Investment (MAI) is now entering through the back door, along with these open regional agreements, as a "hidden MAI," with the primary purpose of defending foreign investments from governments with decreasing room for maneuver to establish their policies. Similarly, as regards intellectual property rights, EU proposals attempt to move beyond the Cotonou Agreement and the WTO regulations, joining the category of what have come to be called "WTO+ regulations" (Intermón-Oxfam 2008; Bidaurratzaga 2008).

In the case of these controversial issues, the EU has been severely criticized for insisting on their being included in the negotiation agenda, because in most sub-Saharan African countries, there is neither the ability nor the need to negotiate such issues, which have been previously

addressed within the framework of the WTO and that are not subject to the expiration of the previously mentioned exemption (Intermón-Oxfam 2008; Marín 2007; Keet 2007).

Yet beyond the issues of possible inclusion in the negotiation agenda of comprehensive EPAs, the fact is that, even in the case of signed interim EPAs, there remain a number of what have been termed “contentious issues.” These are issues such as transition periods, interpretation of the term “substantially all trade,” the national treatment principle, regional preference, safeguarding clauses and provisions for infant industries, the MFN principle, and rules of origin. Given the fact that the resolution of these matters hinges on the notion of the proper degree of flexibility to be employed in reference to this wide range of technical issues, their effects will be more or less advantageous to the development of the countries of sub-Saharan Africa—countries upon which the bulk of the cost of the inevitable economic adjustment will fall (Lui and Bilal 2009).

Finally, as regards the objective of the EPAs in terms of the support and strengthening of preexisting regional groups in sub-Saharan Africa, their results thus far leave much to be desired. One example of this, in the case of SADC, is that, of the fourteen members of this regional group, only eight participate in this negotiation process, and of these eight only Tanzania has an interim agreement in effect with the EAC. Of the remaining seven countries, only five (Botswana, Lesotho, Swaziland, Namibia, and Mozambique) have signed an interim agreement representing a “distorted” SADC. Furthermore, another country (the DR Congo) is currently a member of both the Central Africa and the ESA group, and the remaining five (Malawi, Madagascar, Mauritius, Zambia, and Zimbabwe) also form part of the ESA group, which is not a regional group per se, but rather a geographical area comprising sixteen of the COMESA countries (therefore not the entire COMESA membership). Meanwhile, some of COMESA’s members (Burundi, Kenya, Rwanda, and Uganda) have reached a separate agreement within the EAC regional group, along with another member of the SADC (Tanzania), as previously mentioned.

Similarly, as regards the most recent events, EU pressure is leading some African countries to sign interim agreements that are limited to the trade of goods, with the intention that such agreements function as an intermediate phase until the achievement of a more comprehensive agreement regarding the remaining issues. This process allows the launching of some full EPAs in two separate phases. It is hard to see the very differ-

ent response on the part of various African countries—especially in East, West, and Southern Africa—regarding acceptance or rejection of these internal agreements as doing anything other than fomenting the fragmentation of preexisting regional groups (Bidaurratzaga 2008).

Similarly, in the case of LDCs, those that are allowed to continue to participate in the previous nonreciprocal preferential arrangement present a number of problems when it comes to joining—now or in the future—a customs union that has non-LDC members who establish reciprocal trade conditions with the EU. This would either create enormous difficulty in guaranteeing the status of LDCs or result in the establishing of complex intraregional control mechanisms for the purpose of avoiding the entry of LDCs through their regional partners with less tariff protection. Neither circumstance would promote intra-regional commerce (Marín 2007).

Within this entire context, African integration initiatives may end up being severely weakened and distorted (Marín 2008; Thomas 2004; Hurt 2003). In order to prevent this from happening, and given both the tenuous nature of many of these initiatives and a flexible degree of customs liberalization, it would be necessary to reinforce productive capacities, adequately develop their infrastructures, implement selective economic policies, and to prioritize a commitment to collective self-reliance and African integration, all of this for the purpose of avoiding a premature integration vis-à-vis other continents resulting in distorting effects that produce internal disintegration (Keet 2007).

Conclusion

The changes that have taken place in recent decades in the international economy have led to the proliferation of a reductionist focus with respect to regional integration—a focus that now involves countries of the North and the South. This reductionist focus sees regional integration as an intermediate phase toward the global liberalization of particular markets, and as a prerequisite for an appropriate participation of the countries of the South in the global economy. Obviously, these tendencies have little to do with previous focuses that were tied to pan-Africanism or to integration as a means of collective self-reliance and endogenous development.

Despite the rhetoric of its politically correct discourse and its supposed concern for the promotion of sub-Saharan Africa, the EU has tried to quickly impose upon these countries a number of economic agreements that guarantee privileged relations with its areas of influ-

ence under the new guise of open regionalism. Yet this approach has generated important concerns regarding its potential consequences for development and the improvement of living conditions within the most disadvantaged countries.

The stubborn insistence on the need to sign some kind of EPA (of at least a partial nature) within the previously established deadlines appears to have grown more acute due to, among other factors, the rapid acceleration of economic relations between the countries of sub-Saharan Africa and China. Thus, China's new strategy in Africa, in addition to revealing its competition with the EU for various mineral and energy resources, has also resulted in a significant improvement in the room for maneuver of many African countries within different bilateral and multilateral frameworks, given that it has allowed them to diversify their relations with countries outside of Africa.

It is important that the governments of sub-Saharan Africa take advantage of this context in order to assert their arguments and defend their interests by demanding alternatives to the EPAs proposed by the EU; greater flexibility regarding both deadlines as well as issues to include in the negotiation agenda; specific treatment for sectors that are sensitive to European competition; and more funds and aid that compensate for the unequally shared costs and benefits between unequal parties. African and European social movements, as well as NGOs, also have an important role to play in this regard by continuing to make known the results of the debates taking place, and the potential implications of the agreements that have been proposed.

If the European Commission really wants to make a commitment to achieving MGDs, and to the new agenda of international cooperation on the basis of the Paris Declaration, it will need to pay closer attention to its policy coherence and less attention to its inflexible and self-serving advocacy of open regionalism and full EPAs. As has been repeatedly shown by African governments, academics, and both European and African social movements, the serious limitations of such an approach as an instrument for promoting development lays bare the inadequacy of the uncritical acceptance of the optimistic arguments set forth by EU representatives.

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Development cooperation, a concept that has existed for more than fifty years, has been transformed drastically in recent years. With the end of the Cold War in the late 1980s, so-called developing countries ceased to be potential pawns in global political dynamics and gradually became the focus of greater moral concerns. As such, pro-development policies demanded a more ethically grounded political strategy, a challenge that governments and international bodies did not know how to, or did not want to, react to. This problem was compounded further by the impact of globalization, with its concomitant increase in the interdependence of a range of global economic, political, social, ecological, and cultural processes. Most recently of all, the global financial crisis and its consequences have also raised questions about the future of development cooperation, at a time when it should be more relevant than ever. This book addresses a wide spectrum of issues that are central to the debate on development cooperation today such as sustainability, gender equity, technology, communication, rural development, global conflicts and commerce, labor relations, financing development, humanitarian action, and the specific case of Africa.