

## Europe's role in an unequal world

# Green pastures for all

In the late 1990s the development bureaucracy in Brussels was the target of heavy criticism. The different branches of European foreign policy devoted more time to infighting than to finding solutions to the new challenges in the world. Things are now changing.

With the adoption of the European Consensus on Development (2005), the Aid Effectiveness Package (2006) and the Code of Conduct (2007), the EU wants to show that it is serious about implementing the Paris Declaration on Aid Effectiveness, and that it wants to take a lead in this (see box on page 17).

In part 2 of this special report, *The Broker* presents what academics and development experts from different EU member states have to say about the current and future role of Europe in international development.

### From regional to global governance

Europe is 'a working example of complex multi-state governance', writes Allister McGregor. Over the past decades, the EU has undertaken a challenging project of economic and political integration. With considerable success, it has helped Eastern European countries handle the transformation from communism to democracy. According to McGregor, the challenges of governance – local, regional and global – are the topic on which Europe could and should make a distinct contribution. Dirk Messner, Björn Hettne, Stephan Klasen and Marco Zupi agree (see box). Based on its experience in building regional governance, the EU should exercise its authority and take a lead role in tackling global problems that critically need international coordination. The major challenge of the 21st century, they argue, is to work toward effective and fair global governance.

On the issue of fairness in terms of social policies, Europe has ideas that may well be put to use beyond the continent. As Sven Grimm puts it, 'While many in Africa are dreaming of Chinese growth rates, quite a few Chinese (and Africans) are also dreaming of Europe's social model'. In this context, Marco Zupi refers to the ambitious agenda that guided European policy at the beginning of this decade. The Lisbon strategy aimed at linking up Europe's two agendas – economic growth and social cohesion. However, Zupi writes, 'the idea of the welfare state is under

attack in Europe, and the problems on the economic growth agenda are likely to postpone the priority of social cohesion. Only if Europe reaffirms that combining economic growth and social development is its top priority can European development cooperation be used as an instrument to promote this idea abroad'.

### Magic word

Today's challenges require more than traditional development aid. Inequality and poverty, conflict and migration, and the impacts of climate change cannot be addressed if development remains the responsibility of a specialized community with few ties to other areas of

### The EU model for world order

Björn Hettne, *emeritus professor, University of Gothenburg, Sweden*

From a global development perspective, there is a striking governance gap. The concept of global governance suggests the possibility of a rules-bound order. It refutes the anarchical model of international relations as well as the utopia of the self-regulating market. The disruptive social consequences of de-territorialization implied in the process of market-led globalization have generated certain political forces. These forces aim at halting and modifying the process of globalization in order to guarantee territorial control, cultural diversity and human security.

Transnational and interregional institutions are needed in order to fill this governance gap. I would argue that the European regional integration model represents a potential world order. The EU is in the process of building interregional relations with all regions of the world. The overall purpose of interregionalism is to make the external environment of Europe – i.e. the rest of the world – more stable and more predictable. Interregional and transregional institutions can shape the outlook of regional civilizations toward compatible patterns of coexistence. Ultimately this will imply multiculturalism and multiregionalism.



Concrete cows in Thailand

foreign and economic policy. In theory, this notion is now widely endorsed, and coherence is the magic word. In practice, there are plenty of obstacles. Countries such as the Netherlands and Sweden have experimented with coherence policies. In September 2007, the European report on Policy Coherence for Development (PCD) was published. It showed that, generally speaking, the EU has achieved more on this front than the member states. It also showed that European agricultural and fisheries policies are no longer the most important subjects that need to be addressed. Ten years ago, the major problem in agricultural policy was export subsidies. But these subsidies have been

reduced and will eventually be phased out. There are new issues in agriculture, such as phytosanitary standards and technical barriers to trade. The urgency of these issues for achieving policy coherence will increase because, certainly in Europe, more and more standards will be introduced and laws adopted to increase food security and to protect the environment.

The PCD report is the first evaluation of progress made in the 12 policy areas – other than development – that have a strong impact on developing countries and that were therefore singled out for policy coherence strategies in 2005. Two years later, so the report concluded, mechanisms for policy coherence were largely in place, but capacity to put the EU commitments into practice were often still lacking.

**European Consensus on Development (2005)** identifies the shared values, goals, principles and commitments that the EU and its member states will implement in their development policies:  
[http://ec.europa.eu/development/policies/consensus\\_en.cfm](http://ec.europa.eu/development/policies/consensus_en.cfm)

**Aid effectiveness package (2006)** translates the EU commitments for more, better and faster aid into nine concrete, time-bound deliverables:  
<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/06/103&format=HTML&aged=0&language=EN>

**Code of Conduct on division of labour in development policy (2007)** is based on eleven principles designed to reduce the administrative formalities, to use funds where they are most needed, to pool aid, and to share the work.  
<http://europa.eu/scadplus/leg/en/lvb/r13003.htm>

## Conflicts over global goods

All of this implies that development is no longer a solely technical exercise, but a fundamentally political one. Growing inequalities – on local, regional and global levels – are sure routes to increased conflict. The geopolitics of energy may prove to have an impact on developing countries comparable to the geopolitics of the Cold War. Climate change impacts food security through the reduction of arable land and changing rainfall patterns which will cause further desertification – and also poses security challenges. The EU is reflecting on this, as evidenced by Javier Solana's report, *Climate Change and International Security*.

Any future European development policy should address environment as a cross-cutting issue, says Marco Zupi. 'The EU should take the lead in emphasizing the



importance of cross-border phenomena within developing regions and in promoting the notion that regional public goods – water, grazing lands, fishing waters – are as important as national or global public goods’. The UN predicts there will be millions of environmental migrants by 2020, due to climate change.

### **Vested interests**

In other ways, too, development and politics are tied together. According to Robrecht Renard and Nadia Molenaers, it is increasingly accepted that the relative failure of aid in Paul Collier’s ‘bottom billion’ countries can be attributed to the ways in which those states operate. In response to this, aid is increasingly regarded as a means to strengthen state institutions. The instruments used are flexible budget support, policy dialogue, and macro and sectoral capacity building. However, there are strong vested interests in recipient countries that detract from these efforts. According to Renard and Molenaers, ‘The relationship between donors and recipients is much more conflictive than the official discourse on both sides would have us believe. The new aid approach will only succeed if generous aid is combined with clear signals – in terms of aid selectivity and limited but effectively sanctioned conditionalities – to partner governments’.

### **Fragmentation**

Europe is the leader in providing international aid, but this aid is delivered in a fragmented way, from a large number of member states. According to Björn Hettne, ‘The number of policy areas dealt with by the EU appears to be increasing at the same pace as the EU’s internal complexity. This creates immense problems of coordination. Hence performance is low in terms of both consistency and coherence. The EU does not realize its enormous potential added value’.

If it ever hopes to become a global development agenda setter, the EU must speak with one voice and stick to one agenda. European member states are all small and medium sized. Their influence and power resources are limited, according to Francisco Granell. And thus, only joint European efforts to shape globalization have a chance of being influential and successful.

However, the current commitment of member states to contribute to a European policy leaves much to be desired. ‘International development can be a surprisingly national business’, says Sven Grimm, ‘in which national vanity, competition and jealousy often prevail’. Hettne regrets the fact that, because Sweden is among the ‘reluctant Europeans’, his country’s competence and innovative policy on ‘global development’ is hardly used by the EU. Yet he admits that ‘there are good reasons to criticize the EU’s development activities for being uncoordinated, inefficient and bureaucratic’. Renard and Molenaers criticize the fact that ‘rather than harnessing the efforts of its 27 member states, the EU (implicitly) insists that each of them set up their own bilateral programmes. The Commission itself acts as the 28th EU donor, happily competing with the member states and only occasionally constituting a vehicle for joint action.’ Dirk Messner claims that the EU is too

slow and unwilling to invest on a large scale, even though doing so would strengthen its position as a frontrunner on an issue such as climate change.

### **A new role?**

‘Europe’s experience with regional integration and its generous financial investments in development have not yet translated into political capital in the development policy arena’, says Dirk Messner. A new opportunity presents itself with the economic rise of China and India. The power of the US, a long-time sole superpower, is declining and a multi-polar power constellation is emerging. Messner says, ‘History tells us that this process will create conflict. Therefore, strategies for peaceful power shifts are needed. In this new context, it is even more important to “build Europe” – a Europe that builds bridges between the rising and the (relatively) declining powers in the world’. Allister McGregor cautions the EU to not behave like a super bilateral, or a standard multilateral like the World Bank or UN agencies. Torbjörn Becker wishes that ‘Europe would set itself apart by providing more development assistance that is not governed by self-interest, but is based on a fundamental view that we do this to help people in need’. Most respondents agree that the EU should seek a new type of role. What it will look like, we eagerly await. One duty is clear, says Sven Grimm: ‘Europe should stop punching pathetically below its weight’. ■

### **Waiting for EU leadership on climate change**

*Dirk Messner, director of DIE, Germany*

Europe is the first region in the world that is developing a roadmap to a low carbon economy, linked to the 2-degree Celsius target to avoid dangerous climate change. In this area, there is a lack of global leadership. The US is still more a problem than an engine for solutions; the UN is the political platform for climate policy, but it is not a powerful agency; China is slowly accepting its future responsibilities, but it is still not a proactive initiator of global climate policy. Europe is perhaps the protagonist in the field of climate change. Its success in building climate alliances between now and the climate conference in Copenhagen might determine its role as a frontrunner.

Europe is a leading actor, but where are the European investment packages to convince China and India to become partners in this process? They, too, must be involved in finding ways to change from a fossil fuel-based to a non-fossil fuel-based global economy. Most member states accept the analysis of the horrifying impacts of climate change. But Europe’s response is still too fragmented and too small. One should be prepared for a new US government deciding that US investments to stop global climate change might create the ‘green Silicon Valleys’ of the next decades, and that converting cities worldwide into CO<sub>2</sub> efficient ones might be a ‘man to the moon project’ of our generation. US policy makers think big, judging only from the \$3000 billion dollars that its government has invested in the Iraq adventure over the last five years. Thus, after the Bush government has invested in the destruction of US soft power around the world, the next government may well develop a new global leadership programme that reconstructs its international reputation. It is high time for Europe to push hard to overcome its reputation as a global player with too limited ambitions and a scope of action.