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Financing Development

The G8 and UN Contribution

ROUTLEDGE

Edited by
Michele Fratianni
John J. Kirton
Paolo Savona

FINANCING DEVELOPMENT

Global Finance Series

Edited by

John J. Kirton, Munk Centre for International Studies, University of Toronto, Canada,
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To Nicholas Bayne
Diplomat and Scholar

Sir Nicholas Bayne, KCMG, served with distinction as a British diplomat, G7 participant, and G8 scholar, participating in some capacity at almost every summit from the G7's start at Rambouillet, France, in 1975 to the 2005 G8 Gleneagles Summit, hosted by the United Kingdom.

Born in 1937, Sir Nicholas was educated at Christ Church, Oxford, where he received his BA and MA in Literae Humaniores (Classical Studies) with first class honours and his D.Phil in Greek archaeology with a dissertation on *The Grey Wares of North-West Anatolia and Their Connexion with the Early Greek Settlements*, published as Asia Minor Studien 37 in 2000.

Sir Nicholas dedicated his life to public service through a career in the British Diplomatic Service from 1961 to 1996. As Financial Counsellor at the British embassy in Paris, he was present at the first 1975 Rambouillet Summit. As Head of the Economic Relations Department for the Foreign and Commonwealth Office, he was responsible for briefing for the G7 summits in Tokyo (1979), Venice (1980), Ottawa (1981), and Versailles (1982). He served as Ambassador to Zaire, Congo, Rwanda, and Burundi and represented the UK at the Organisation for Economic Co-operation and Development, where he monitored the G7 summits in Tokyo (1986), Venice (1987), and Toronto (1988). As Foreign Affairs Sous-Sherpa, Sir Nicholas attended the G7 summits at Paris (1989), Houston (1990), and London (1991), before serving as High Commissioner to Canada and attending the 1995 Halifax Summit. For his distinguished service he was chosen as a Companion of the Order of St. Michael and St. George (CMG) in 1984 and a Knight Commander (KCMG) in 1992.

Following his retirement from diplomatic service, Sir Nicholas was chair of the Liberalisation of Trade in Services (LOTIS) Committee of British Invisibles and Honorary President of the British Committee of the Canada-UK Colloquia.

Sir Nicholas was an FCO Fellow at the Royal Institute of International Affairs and has been a Visiting Fellow at the Centre for Research on the United States and a Fellow of the International Trade Policy Unit at the London School of Economics and Political Science. He has taught in the master's programmes in economic diplomacy at the LSE and global governance at the School of Policy Studies, Queen's University, Canada. He served on the editorial boards of *Government and Opposition* and *The Round Table* and is a member of the G8 Research Group's Professional Advisory Council.

For decades, Sir Nicholas has served as the *de facto* dean of scholarly G8 studies through his many landmark works: *Hanging Together: Cooperation and Conflict in the Seven-Power Summits*, with Robert Putnam (1987), *Hanging In There: The G7 and G8 Summit in Maturity and Renewal* (2000), *The New Economic Diplomacy: Decision-Making and Negotiation in International Economic Relations*, with Stephen Woolcock (2003, revised 2007), and *Staying Together: The G8 Summit Confronts the 21st Century* (2005).

In 1997, upon his retirement from public life, Sir Nicolas joined the G8 Research Group's field team at the annual summit. The 2005 Gleneagles Summit marked the last occasion at which he served in this capacity. For his exceptional contribution to the work of the G8, and to the global community in making its operations more transparent, we are honoured to dedicate this book to him.

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Preface and Acknowledgements

This book is the tenth in Ashgate Publishing's Global Finance series. It continues a tradition, begun in 1998, of using the annual G7/8 summit as a catalyst for edited volumes that explore the central themes in the emerging dynamic of global governance with a particular relevance to the field of finance. This volume continues the series' central concern with core finance issues. It focusses on the critical component of financing development, a global challenge for more than half a century and one that the 2005 summits of the G8 and the United Nations took up as priority concerns. This book thus takes a close look at the way the G8 and UN summits and systems devised new ways of financing development and delivered more resources, especially in the central aid, trade, and debt relief domains.

This volume reports the results of research conducted by the Research Group on Global Financial Governance, a joint venture between the Associazione Guido Carli and the G8 Research Group, and by the Centre for International Governance Innovation (CIGI) and the Global Governance Group and the New School of Athens as core partners. These strands of research were brought together at an authors' workshop on 'Development, Sustainability, and Finance: The Role of the G8 and the Gleneagles Summit," held at the University of Glasgow on June 29–30, 2005. The chapters initially presented have been subsequently anonymously reviewed, revised, and updated for their presentation here.

This book draws its contributors from virtually all of the G8's constituent regions and countries of North America, Europe, and Japan. It also reaches out to involve leading scholars and practitioners who bring first-hand continuing professional experience with the Organisation for Economic Co-operation and Development (OECD), the European Union, and the Commonwealth. These contributors come from the disciplines of economics, the international political economy field of political science, management studies, and sustainable development and from leading universities and institutions in France, the United States, Canada, Italy, Britain, and Russia. Many of the authors have experience at senior levels in core governmental and intergovernmental institutions involved in managing and governing the international economy or have served in senior advisory capacities. With this wide variety of perspectives, analytical approaches, and judgements, the collection combines the insights of scholars and practitioners who draw on a rich assortment of regional experiences, theoretical traditions, interpretative frameworks, and concluding convictions, on a G8-wide and fully global scale.

Acknowledgements

In producing this volume, we have enjoyed the exceptional support of those who contributed in many different ways. Our first debt is to Antonio Fazio, the former governor of the Bank of Italy, who as chair of the Associazione Guido Carli provided part of the funding that made our research possible. We are also grateful to David Dodge, Governor of the Bank of Canada, his senior advisor John Murray, and Canada's former Associate Deputy Minister of Finance, Jonathan Fried, for their support of the Research Group on Global Financial Governance. We also owe much to Canada's Department of Foreign Affairs and International Trade (DFAIT), where Peter Harder, Patricia Malikail, Nicolas Dimock, and their colleagues provided consistent support. We thank the University of Glasgow and its outstanding vice-rector, Malcolm McLeod, who saw the exceptional opportunity that such a project offered, provided essential support, rich collegiality, and warm hospitality, and mobilised the superb intellectual resources of his colleagues at the university in Glasgow and Scotland beyond.

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We further appreciate the willingness to take a major role in our project of several members of the G8 Research Group's Professional Advisory Council: Nicholas Bayne, Alan Rugman, Pierre Jacquet, Olivier Giscard d'Estaing, and Robert Fauver. We also appreciate the contributions of Duncan Green, Head of Research at Oxfam, Simon Fraser, *Chef de Cabinet* of the European Trade Commissioner, and others who contributed so much to our authors' workshop, including Lynn Robertson of the OECD, Lena Wilson of the Scottish Executive, Natasha Gerson of the Scottish Trades Union Council, Richard Gledhill of Price Waterhouse Coopers, and the Honourable Roy MacLaren.

We are particularly grateful to Jack McConnell, the First Minister of Scotland, who served as the keynote speaker at our authors' workshop, and the Scottish Executive and its CEO members who assembled for a special session with many of our authors. We also owe much to the FCO's Martin Donnelly, who spoke at our workshop despite a most demanding schedule on the eve of the Gleneagles Summit and who helped forge our partnership, and also to Tim Shaw, the director of the Institute of Commonwealth Studies at the University of London.

We very much appreciate the efficient help from the talented staff that made our venture possible. At the University of Glasgow, Eileen Reynolds and her team were models of tireless efficiency and co-operation. We are grateful to Francesca Camilli and Sabrina Canossi in Rome and Milan. In Toronto, we owe a special thanks to Madeline Koch, managing director of the G8 Research Group, whose managerial and editorial skills were essential in helping organise the contributions and ensuring that initial thoughts and rough drafts were transformed into this polished, integrated

book. We are also grateful to Helen Walsh, President of Think Content for her role in ensuring that a global audience could participate in our authors' workshop. More broadly, we note with appreciation the indispensable contributions of Ella Kokotsis, Director of Analytical Studies of the G8 Research Group, of Sandra Larmour, the Director of Development of the G8 Research Group, and of Shinichiro Uda, Director of the G8 Research Group's office in Japan. In France, Lynn Robertson remains a source of constant encouragement and assistance.

At the University of Toronto, we are grateful to former president Robert Birgineau, Carolyn Tuohy, and their colleagues for their support. We also acknowledge the continuing support of our colleagues at the Centre for International Studies: its director, Professor Louis Pauly, who oversees our research activities, and Professor Peter Hajnal, who assumed the vital task of securing the anonymous referees who reviewed our draft manuscript and who collectively approved it for publication. We owe much to the comments of those referees, whose often trenchant but always supportive comments have been taken fully into account. At Trinity College, we acknowledge the critical support of former provost Margaret MacMillan, bursar Geoffrey Seaborn, who manages the G8 Research Group's accounts, head librarian Linda Corman, who oversees the development of the G8 Research Library Collection, and Robert Bothwell, director of the International Relations Programme. At the Department of Political Science, Robert Vipond and David Cameron, as chairs, have always provided encouragement and support. At the University of Toronto Library, chief librarian Carole Moore and her colleagues Marc Lalonde and Richard Hydal have been indispensable.

As always, we reserve a special word of thanks for Kirstin Howgate and her colleagues at Ashgate for recognising the virtue of producing this volume and for working so effectively to ensure the smooth publication of this book.

Finally, we acknowledge the understanding, patience, and support of our families as we laboured to convert raw drafts into published text. We are also indebted to the alumni of the G8 Research Group and our students at universities throughout the G8. They provide a constant source of inspiration and constructive criticism as we pursue our work.

Our greatest debt is to Sir Nicholas Bayne, for this book and for all the research and related activity that has underpinned it over many years. This project marked the last in which he participated as a leading figure, although his legacy will live on in our research programme in so many ways. It is to him that this volume is dedicated, upon his retirement as the dean of G8 studies, in honour of his immense contribution to the practice of, and scholarship on, G8 summitry since its very start in 1975.

Michele Fratianni, Paolo Savona, and John J. Kirton
June 2007

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List of Abbreviations and Acronyms

ACP	Africa, the Caribbean, and the Pacific
AfDB	African Development Bank
APEC	Asia-Pacific Economic Cooperation
APF	Africa Partnership Forum
APP	Africa Progress Panel
APR	Africa Personal Representative (of the leader)
APRM	African Peer Review Mechanism
AU	African Union
ACWL	Advisory Centre on WTO Law
BATNA	better alternative to negotiated agreement
BIS	Bank for International Settlements
BMENA	Broader Middle East and North Africa
CAFOD	Catholic Agency for Overseas Development
CAP	Common Agricultural Policy
CDB	Caribbean Development Bank
CDM	Clean Development Mechanism
CfA	Commission for Africa
CG18	Consultative Group of Eighteen
CHOGM	Commonwealth heads of government meeting
CIS	Commonwealth of Independent States
CMAG	Commonwealth Ministers Action Group
COMESA	Common Market for Eastern and Southern Africa
COP	Confernece of the Parties (to the United Nations Framework Convention on Climate Change)
CTBT	Comprehensive Nuclear Test Ban Treaty
DAC	Development Assistance Committee (of the Organisation for Economic Co-operation and Development)
DATA	Debt AIDS Trade Africa
DFAIT	Department of Foreign Affairs and International Trade Canada
DfID	Department for International Development (United Kingdom)
DRC	Democratic Republic of Congo
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
ECOWAS	Economic Community of West African States
EFW	Economic Freedom of the World
EITI	Extractive Industries Transparency Initiative
FASS	foreign affairs sous-sherpa
FATF	Financial Action Task Force

FCO	Foreign and Commonwealth Office (of the United Kingdom)
FDI	foreign direct investment
FSS	finance sous-sherpa
G7	Group of Seven (Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States)
G8	Group of Eight (G7 plus Russia)
G10 (agriculture)	Bulgaria, Iceland, Israel, Japan, Liechtenstein, Mauritius, Norway, South Korea, Switzerland, and Taiwan
G20	Group of Twenty finance ministers and central bank governors (G8 plus Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Saudi Arabia, South Korea, and Turkey)
G20	Group of Twenty developing countries, led by Brazil, India, and South Africa, formed to challenge trade issues at the 2003 Cancun ministerial meeting of the World Trade Organization
G33	Group of 33 developing countries that coordinate on agricultural issues and food security
G77	Group of Seventy-Seven (developing countries)
G90	Group of Ninety (developing countries)
GATT	General Agreement on Tariffs and Trade
GCAP	Global Call to Action against Poverty
GCI	Growth Competitiveness Index
GDP	gross domestic product
GNI	gross national income
GWP	gross world product
HIPC	heavily indebted poor country
IAEA	International Atomic Energy Agency
ICF	Investment Climate Facility
ICT	information and communications technology
IDA	International Development Association
IDB	Inter-American Development Bank
IEA	International Energy Agency
IEF	International Energy Forum (see Chapter 6)
IEF	Index of Economic Freedom (see Chapter 10)
IFF	International Financing Facility
IFFIm	International Finance Facility for Immunisation
IFIs	international financial institutions
ILEAP	International Lawyers and Economists Against Poverty
IMF	International Monetary Fund
IMFC	International Monetary and Financial Committee (of the International Monetary Fund)
IPCC	Intergovernmental Panel on Climate Change
IPR	intellectual property rights
IT	information technology
ITC	International Trade Commission

JODI	Joint Oil Data Initiative
L20	Leaders Twenty (proposed grouping of the G20 [finance ministers and central bank governors] at the leader's level)
LDC	least developed country
LISCA effect	liberalisation, internationalisation, securitisation, computerization, and apoliticisation effect
LNG	liquefied natural gas
MAI	Multilateral Agreement on Investment
MCA	Millennium Challenge Account
MDG	Millennium Development Goal
MDRI	Multilateral Debt Relief Initiative
MFA	Multi-Fibre Arrangement
MFN	most-favoured nation
MFP	multifactor productivity
MIT	Massachusetts Institute of Technology
MNC	multinational corporation
MNEPR	Multilateral Nuclear Environmental Programme in the Russian Federation
MNF-I	Multi-National Force – Iraq (of the United Nations)
MOP	Meeting of the Parties (to the Kyoto Protocol)
MPH	Make Poverty History
NATO	North Atlantic Treaty Organization
NEPAD	New Partnership for Africa's Development
NGO	nongovernmental organisation
NIEO	New International Economic Order
OAU	Organization of African Unity
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of Oil Exporting Countries
PAYGO	pay-as-you-go
PD	political director
PPP	public-private partnership
PRC	People's Republic of China
PRSP	Poverty Reduction Strategy Paper
PSI	Proliferation Security Initiative
R&D	research and development
SAARC	South Asian Association for Regional Cooperation
SADC	South African Development Community
SAFTI	Secure and Facilitated Travel Initiative
SARS	severe acute respiratory syndrome
SDR	special drawing right
SDT	special and differential treatment
SMEs	small and medium-sized enterprises

SPS Agreement	Agreement on the Application of Sanitary and Phytosanitary Measures
TB	tuberculosis
TBT Agreement	Technical Barriers to Trade Agreement
TFP	total factor productivity
TRIPS	Trade-Related Aspects of Intellectual Property Rights
TZS	Tanzanian shilling
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNGA	United Nations General Assembly
UNSC	United Nations Security Council
USD	United States dollar
WHO	World Health Organization
WMD	weapons of mass destruction
WTO	World Trade Organization

PART I
Introduction

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Chapter 1

Introduction, Arguments, and Conclusions

John J. Kirton, Michele Fratianni, and Paolo Savona

In September 2005, the leaders of virtually all the world's national governments met at the United Nations World Summit in New York to assess how far they had come, and what remained to be done, to meet the ambitious Millennium Development Goals (MDGs) they had set five years before. In New York there was broad agreement on the importance and appropriateness of the goals, but also on how little had been accomplished, and how large was the task that remained. The leaders also acknowledged that they would fail to meet their goals unless major new financial resources for development could be mobilised, properly targeted, assembled into well-designed packages, delivered through the right mechanisms, and closely monitored to ensure they were effectively used. The longstanding challenge of financing development had reached a critical stage.

This same challenge served as the key focus for the G8's annual summit at Gleneagles, Scotland, on 6–8 July 2005. Gleneagles was the culmination of the central concern devoted to African development by the modernised G8 during the previous five years. In 2001, the year after the MDGs had been set at the UN, African leaders had come to the G8 summit with a new plan to develop a continent that still remained the poorest one in the world. G8 leaders declared that they would support the plan and invited the Africans to return the following year. To the G8's 2002 Kananaskis Summit, the Africans brought their New Partnership for Africa's Development (NEPAD). The G8 responded with its own reinforcing G8 Africa Action Plan. At the summits at Evian in 2003 and Sea Island in 2004, the African leaders and their agendas again assumed a prominent place and secured G8 support across an expanding domain. But as 2005 opened and the G8 and UN summits in Gleneagles and New York loomed, the world wondered if the G8 would finally raise the resources required to finance Africa's NEPAD and global development more generally to bring the MDGs within reach.

More than money was needed to meet the challenge. As the Africa Action Plan had recognised, the task of developing Africa and other poor regions required decisive action across a broad range of fields. Indeed, the plan's seven-step programme had begun with the political imperatives of stopping the wars, strengthening good governance, and restoring confidence to stop capital flight and attract foreign direct investment (FDI). Only on this foundation came the traditional economic instruments of more debt relief, official development assistance (ODA), and liberalised trade.

This new 21st-century approach to development was broadly endorsed by African and developed country governments, by the world's major multilateral organisations, by many in civil society, and by G8 leaders themselves.

With the MDG destination and Africa Action Plan roadmap so widely accepted, the outstanding question for 2005 was whether the G8 at Gleneagles and afterward could mobilise the massive monies required to deliver the programme and produce the supportive political conditions needed to make these monies effective in the field. Behind lay the deeper question of whether the model itself, based on a genuine partnership for democratic development led and owned by the Africans themselves, was still the right approach, in light of the changed conditions and accumulated experience since 2002. A more immediate concern was whether the G8 governors at Gleneagles, preoccupied by pressing global issues such as climate change, terrorism, and the conflict in the Middle East, would devote to African and global development enough attention, mutual adjustment, and political will to get the highly ambitious, historic job done. In short, would the G8, with its great push at Gleneagles, finally succeed in financing development to reach the MDGs, in a world where the UN, with its galaxy of multilateral organisations and their members, had itself failed for the past 60 years?

The Purpose

This book addresses this central question of financing development. It has four key purposes. The first is to assess how well the G8, the UN, and the broader global community have done in meeting the many challenges of financing development, especially at and after the Gleneagles G8 Summit in 2005. The second is to explore more deeply what Africa really needs for its development by way of financing and supportive measures, and how well these needs were reflected in the G8's Africa Action Plan and Tony Blair's Commission for Africa (CfA) — the two great guides for Gleneagles's work. The third is to re-examine the traditional instruments for financing development — debt relief, aid, and trade — to ask how much of what forms of each are required to get the job done. The fourth is to explore, after the two great summits of 2005 of the G8 at Gleneagles and the UN in New York, what the G8, the UN, and others should do to advance the MDGs and the broader development task.

G8 Performance

The first purpose directs attention to the performance of a G8 summit that was redesigned by Tony Blair as its host at Birmingham in 1998, subsequently adopted Africa as a major priority and partner for the 21st century, and then culminated at Gleneagles in 2005 by giving the issue of African development pride of place. Certainly there is much scepticism that the G8 did, and could do, as much for global development and Africa as the poor in the world need and deserve. The prevailing view is that despite some advance, the G8 has been following the wrong model (Dixon and

Williams 2001), that even the most committed G8 member countries and leaders have fallen short (Black 2005; Lewis 2005), and that Gleneagles' accomplishments were modest indeed (Moss 2006). Yet some suggest that Gleneagles did meet its financing development challenge (Clarke 2005). And others argue that in important areas such as debt relief, the Gleneagles G8 made major moves forward, driven by the United States and its concerns about Iraq and evangelical conservatism (Mistry 2005; Helleiner and Cameron 2006). Yet many point to the outstanding question of whether the major commitments will be implemented, consolidated, and sustained (Landsberg 2005).

To advance this debate, this book examines with analytical discipline and empirical detail how well the G8 and Gleneagles Summit did, why they performed as they did, and how effective their approach and execution were in meeting the real needs of Africa and the global community. In doing so it builds, applies, assesses, and advances some of the major models developed to evaluate and explain G8 performance, from both mainstream and more critical domains. Here it asks if the G8 acted primarily as an American-led coalition serving U.S. goals (Putnam and Bayne 1987), a concert of equals promoting open democracy, individual liberty, and social advance (Hodges, Kirton, and Daniels 1999; Fratianni, Savona, and Kirton 2005), a collective management forum pulling together for the common global good (Bayne 2005), a group hegemon protecting the privileges of the rich and promoting the neo-liberal order they prefer (Bailin 2005), or a catalyst for multilateral institutions that respond to their political will (Kokotsis 1999).

It also asks, in more open-ended fashion, several more specific questions about the performance of the 21st-century G8 summits. Where and why do they work well? Where along the spectrum of their functions — from domestic political management, through deliberation, direction setting, decision making, and delivery, to the development of global governance — are they most likely to succeed and to fail? What is the proper blend of iteration and innovation, or continuity and creativity, required for them to succeed? How do the G8's participants from outreach countries, from civil society, and from multilateral organisations help or hinder its work? And how did determined leaders, notably Tony Blair as host of Gleneagles in 2005, respond to or transcend electoral and other domestic pressures and international constraints to pioneer the big deals needed to get the financing development job done?

Models of Development

The second purpose of this book is to look behind the high-profile G8 and UN summits of 2005 to ask how well the approach of the G8 and the UN more broadly understood and reflected Africa's real needs. It takes up questions that have long preoccupied the development community in both the scholarly and policy-making spheres. A central concern is whether the traditional instruments of aid, debt relief, and trade liberalisation offered by developed country donors should still command centre stage, or whether an approach that recognises the primacy of the political and the responsibility of the recipients should now be put in first place. NEPAD and the Africa Action Plan have long been subject to close and critical scrutiny, in themselves,

in relation to one other, and in regard to the MDGs (Hope 2002; Maxwell and Christiansen 2002; De Waal 2002; Melber 2002; Matthews 2004; Akopari 2004; Manby 2004; Ramsbotham, Bah, and Calder 2005; Landsberg 2005). That attention has now extended to the CfA (Landsberg and Kalete 2005; Mistry 2005). Some have charged that the CfA, established by Blair as the successor to G8 Africa Action Plan, and the many advocates affiliated with the UN unwisely emphasised the singular demand for more aid (CfA 2005; 2006; Mistry 2005; Taylor 2005, 2006). Yet others vigorously reply that the CfA, faithful to the Africa Action Plan paradigm, presented a much broader, more balanced, politically sensitive, and developmentally appropriate approach, even if it had some defects in process and product along the way (Mayhew, Tibenderanas, and Haines 2005; Wickstead 2006; Adefuye 2006; Mbiba 2006).

The focus in this volume is on the adequacy and the consistency of the Africa Action Plan and the CfA's report with each other and with Africa's realities and needs. Did these designs and, more generally, the MDGs comprehend and consistently work to achieve what was really required? Particular attention is given to three issues. First, how much of a genuine partnership has emerged between African and developing countries on the one hand and G8 and developed countries on the other (Abrahamsen 2004; Busumtwi-Sam 2006)? Second, how much are the political preconditions for making effective use of development finance in place? Third, how much of the responsibility for success and failure lies with the Africans and developing countries themselves?

Debt, Aid, and Trade as Instruments

The third purpose of this book is to examine in detail the three major instruments of debt relief, aid, and trade. These assumed pride of place in 2005, as they were highlighted by the Gleneagles G8, by civil society's Make Poverty History (MPH) campaign, by Jeffrey Sachs (2005), Stephen Lewis (2005), and others associated with the UN and by the MDG programme itself (UN Millennium Project 2005). Yet their contribution is surrounded by controversy, with regard to each instrument used individually and to their configuration overall. Regarding the most venerable instrument, ODA, some claim that aid does deliver development when the policy context is right (Burnside and Dollar 2000) or even when it is not (Clemens, Radelet, and Bhavnani 2004). Others respond that better evidence shows it does not and that its role has been badly oversold (Easterly 2006, 2003, 2002; Easterly, Levine, and Roodman 2003; Birdsall, Rodrik, and Subramanian 2005; Mistry 2005; Calderisi 2006). Similar doubts arise over debt relief (Moss 2006).

This book's central concern is with the relationship among ODA, trade liberalisation, and debt relief, and in particular with whether the Doha Development Agenda of the World Trade Organization (WTO) has the right approach and the proper support from the G8. Yet the analysis goes beyond the traditional big three instruments to consider other mechanisms, such as remittances, micro-credit, and private philanthropy, that may play a more important role in today's rapidly globalising world. It also looks more broadly at two more basic forces that can overwhelm any

successes in financing development — global growth in a world economy beset by big financial imbalances and competing development models, and by the overriding challenge of ecologically sustainable development with climate change at its core.

Recommendations for Reform

The fourth purpose of this book is to assemble a set of recommendations for policy reform in both the important international institutions and the national governments that bring policy change to life. Certainly there is already an abundance of proposals for how to finance, promote, and secure development in more effective ways. These cover a broad array of political, economic, and legal measures, and the role of developed and developing countries, the G8 and the UN, and civil society alike. A few of those issues, such as the need for all G8 and other countries to ratify the UN Convention against Corruption, command wide agreement across otherwise divided groups (Taylor 2006; Wickstead 2006).

The emphasis in this book is on proposals that meet three criteria: They flow directly from the underlying analysis of what works and what does not. They are moves that are readily available and realistically capable of being adopted and put into practice in the short term. And they aim broadly at the many actors involved, from the G8 itself to the broader multilateral system and to civil society itself. These proposals take full account of the considerable uncertainty about whether many of the existing favourites will actually have the intended effects. On this basis this books offers some suggestions for future research before any rush to advocacy or adoption is begun.

The Contributors

To accomplish these purposes this book has assembled contributions from leading scholars from the disciplines of economics, political science, and development studies and selected practitioners from the G8 countries and multilateral organisations centrally involved. The contributors come from most G8 countries and regions, from the academic disciplines of management studies, economics, and political science, and from the university and research communities. This group features those who have senior-level experience in national governments and international organisations. They also balance and bridge the worlds of North America, Europe, and the developing world. Together they offer the new thinking and useful policy advice that can result from such interdisciplinary and cross-community research.

The Contributions

This book takes up in turn these four central questions that lie at the core of the contemporary financing development debate. Part I, ‘The Gleneagles G8 Summit’,

focusses on G8 performance. It examines directly how well the G8 and its major developing country partners met the many challenges of financing development at and after the 2005 summit, especially the task of providing the momentum for the UN summit and the major multilateral meetings that took place during the following year.

In Chapter 2, 'Has the G8 Summit Met Its Objectives? The Answers from Gleneagles', Nicholas Bayne evaluates the success of Gleneagles by comparing it on four key criteria with the performance of the other summits held since Britain last hosted at Birmingham in 1998. Bayne concludes that the summits since Birmingham have done better in launching initiatives and striking deals among the heads themselves, as did Gleneagles with its important agreements on Africa and climate change. The post-1998 G8 summits also maintained their collective management, despite the divisions over the 2003 invasion of Iraq, and modified it with greater outreach to non-G8 countries. At Gleneagles this solidarity was strikingly displayed when the G8 leaders closed ranks behind Blair after the London terrorist attacks on 7 July and when the outreach meetings, with heads from five major developing countries and with seven African leaders, were unusually productive. The new G8 objective of integrating economic and political programmes was pursued at Gleneagles on Africa and the Middle East. The recurrent failures on reconciling international and domestic pressures were overcome at Gleneagles, despite the electoral weakness of many of the participating leaders, by important commitments on Africa and by setting a clear path for dealing with climate change. Iteration thus worked on Africa, although the lack of a clear structure for follow-up meant that success in implementation could only be judged in the years ahead. Nonetheless, one year later, Gleneagles could be given a grade of A– for its performance, and thus judged to be one of the most successful in the 32 years of the G7/8 forum. The results of the St. Petersburg Summit in 2006 and the Heiligendamm Summit in 2007 sustain this judgement, even if the success in implementing Gleneagles commitment over the longer term remains to be seen.

In Chapter 3, 'Gleneagles G8 Summit Perspectives', Martin Donnelly details, from the perspective of the UK presidency, the preparations and negotiations for Gleneagles and its results. He outlines how agreement was reached on African development and climate change and how implementation of these agreements could be advanced. He argues that after lengthy and at times difficult negotiations, the summit produced substantial and ambitious policy commitments backed by a strong, shared political will to carry them out. The results since Gleneagles support this view. The UK's presidency thus demonstrated that the G8 remains a unique and valuable part of global governance, with the capacity to mobilise political and economic resources to confront shared challenges.

In Chapter 4, 'Energising Sustainable Development: The G8's Gleneagles Performance', John Kirton examines the plans and preparations for Gleneagles, the positions of the G8 members, the six forces highlighted by the concert equality model that pushed and pulled them toward high performance and the historic success that came as a result. Kirton argues that Blair planned from the start to make history on

the two highly ambitious global priorities of democratic development in Africa and climate change control. His summit succeeded to an exceptional degree, producing new highs in domestic political approval, deliberation, direction setting, and money mobilised, and performing well in decision making, delivery of its commitments, and the innovative development of G8-centred governance. This success was partly pushed from the outside by shared vulnerabilities to global forces and shocks such as terrorism, by the failures of the old multilateral organisations, and by the equalising capabilities of G8 members and participants. But it was primarily pushed from the inside, as Blair skilfully mobilised the G8's common commitment to democratic principles as they applied to Africa, the vast summit experience of his G8 colleagues, the strong domestic political control he and his key partners had, and the carefully constructed participation of the 'Plus Five' (or 'Outreach Five') powers and African leaders from outside. His achievement served as a foundation and model for Russia's solid performance in 2006 and the latter's innovation in the civil society participation needed to make the G8 and all its members a genuine democratic success, and carried over to the German-hosted Heiligendamm Summit in 2007.

In Chapter 5, 'Blair, Brown, and Gleneagles: Making Poverty History or Confronting Unequal Development', Anthony Payne presents an alternative perspective on Blair's performance. He examines critically the political logic of Blair's Gleneagles agenda, its aspirations and achievements, and the conceptual framework within which Tony Blair, Gordon Brown, and the MPH campaign all seemed to operate. Payne argues that the Gleneagles agenda could never have worked to 'make poverty history' because the global politics of development is no longer driven by what the 'North' is willing to do for the 'South'. All 192 countries of the world operate amidst structural inequalities in relation to the material capabilities they bring, the dominant ideas that shape policy debates, and their influence over the major global institutions. In the resulting 'global politics of unequal development', the G8 has substantial dominance of global financial politics, but its members are rivals in some aspects of trade and very divided on climate change. The shortcomings of Gleneagles were thus to be expected, as powerful countries that gain hugely from unequal development would not voluntarily give up the short-term benefits this brings. Blair and Brown's Gleneagles agenda and achievements were twisted and turned within these political constraints.

In Chapter 6, 'Russia and the G8: Matured Partnership', Victoria Panova examines the contribution of Russia, made a new full member of the summit in 1998 and allowed in 2002 to host the summit in 2006. She shows that at Gleneagles, Russia performed as a normal member, bringing distinctive positions, a willingness to adjust to its partners, and critical capabilities in debt relief and energy to the summit club. Russia built on these strengths and on the Gleneagles agenda when it hosted in 2006 by assigning major importance to the energy and social dimensions of development. Russia also emphasised the political security agenda, where it looms large, while avoiding discussion of economic and financial matters where its economic position is less strong. Russia's 2006 presidency led to sound initiatives in energy and social affairs that further contributed to securing sustainable development in the world.

Part II, 'Africa', deals with differing models of development. It shifts attention beyond the wealthy G8 to the poorest continent in the world. Africa served as the central theme of the Gleneagles Summit and its surrounding civil society movement, and as the continent where the needs for and obstacles to financing development are most acute.

In Chapter 7, 'The G8 Africa Action Plan: How Much a Partnership?' Princeton Lyman analyses the degree of partnership represented by the Africa Action Plan. He looks in turn at UN and G8 action in the 'Year of Africa' in 2005, the origins and early evolution of the plan, the involvement of Africans in the process, and the need to move beyond charity and 'more aid' into genuine partnership. He concludes that after the G8 Gleneagles and the UN summits, the future of the Africa Action Plan remains an open question. To steer it in the desired direction, a more genuine partnership needs to be created by having Africans report annually as part of the G8 process on how they are keeping the promises they made.

In Chapter 8, 'The Commission for Africa: Accomplishments and Unfinished Business', Myles Wickstead takes stock of how Blair's innovative CfA informed the debate and the decisions at the summits, during the critical moment just before the Gleneagles Summit started and then also in the second half of 2005, with the UN Summit and the resumption of WTO ministerial discussions in Hong Kong in December. He concludes that the commission produced a credible report, based on intensive consultations, and contained conclusions that were very well received. The report reflected Africa's own development priorities, built on the commitments made at the 2002 Kananaskis Summit and later summits, and made clear, costed recommendations consistent with other reports and campaigns and forming a coherent package themselves. The unfinished business was to get the G8 to accept them and deliver on them by putting in place a robust, high-profile political mechanism to ensure the implementation of those recommendations. Swift progress could be made in Africa if the world's leaders demonstrated the requisite political will to support the positive trends.

In Chapter 9, 'Africa and the G8: Political Aspects', Ade Adefuye assesses the CfA report from the standpoint of Africa's needs, examines the contribution to African develoment of the Commonwealth, la Francophonie, and the African Peer Review Mechanism (APRM), and considers the importance of conflict prevention, arms control, and corruption control. He argues that Africa is facing an immense crisis that could destroy more than one third of the continent's adult population. Africans no longer tolerate despotic and undemocratic rulers. They understand the importance of education and development and are beginning to hold themselves accountable and responsible for peace, development, and stability. The leaders of the G8 must thus use their political power and financial resources to support and enhance the radical changes necessary to allow Africa to fulfil its potential and take its seat as an equal partner in world affairs.

In Chapter 10, 'African Finance and Lack of Development', George von Furstenberg examines in detail the case of Tanzania. It is a country relatively untouched by war that had been widely hailed as 'reformed' by the early 1990s. Yet it

turned in a disappointing growth performance that is hard to explain. While Tanzania has improved the soundness of its money and financial regulations and its growth has improved, financial and other forms of repression remain. The Tanzanian experience shows that aid programmes that try to bypass the national and local authorities in recipient countries do not encourage institutional development or strengthen the ethos and capabilities of public and civil service. In contrast, domestic private interests have been more successful at generating cumulative development in China, where the central government, for its own survival, has been keenly interested in promoting the rise of people's living standards. In sub-Saharan Africa, as a rule, the incentive compatibility of good governance still has to be found before cumulative progress becomes possible.

Part III, 'The Instruments', addresses aid, trade, and debt relief as the major traditional tools for delivering development finance. It looks in some detail at these key mechanisms that connect the G8 to Africa and that are vital for raising the financing and delivering the development that Africa and other poor countries need.

In Chapter 11, 'What Does International Aid Mean to the G8?', Olivier Charnoz and Pierre Jacquet document the relationship between global sustainability at the world level and local development in southern countries, consider ODA as an instrument of global governance, highlight changes that have made it more effective in recent years, show that it remains a central tool, and review some possible tensions ahead. They argue that the ultimate goals of the international community should be set by the UN General Assembly (UNGA), as well as the Security Council (UNSC) in times of crisis. Within this framework, the G8's role is to provide political leadership to launch new ideas, break longstanding blockages, and coordinate its own members' domestic policies to bring them into greater international coherence. Development aid is likely to become a more structural G8 issue. As international civil society increases its expectation that the G8 will provide political momentum for development issues, the G8 will become an ever more important forum in designing the future of international aid as a central instrument for better managing the North-South dimension of globalisation.

In Chapter 12, 'Doing Doha for Development: A Development Perspective', Sheila Page asks whether a trade negotiation round can or should be a 'development round', looks at the trading interests and capacity of the developing countries, and examines the interest of developing countries in special and differential treatment (SDT). Page concludes that while countries determine their own development paths, trade can contribute. Learning to identify and to achieve their own trading objectives is one of the ways in which countries develop. Developed countries can help by ensuring that the trade regime is inclusive and flexible enough to accommodate countries with very different levels of development and approaches to policy. They can also liberalise their own trade. At a time when preferences and SDT tools that have been useful in the past are now being weakened, they can help developing countries discover and use alternative approaches, and give them the flexibility to search for these. Financially, they can help meet any costs imposed on developing countries previously favoured by the trading system, even when the trade benefits

are more likely to go to other developing countries as preferences are eroded and trade is 'undistorted' back to the more efficient developing countries.

In Chapter 13, 'Asymmetry in the Post-Doha Trading System', Sylvia Ostry addresses the basic structural aspects of the global trade system. She looks particularly at the WTO, the institutional home of global trade, as it relates to the poorest countries, especially sub-Saharan Africa, and at the unintended consequences of the Uruguay Round of trade negotiations. She highlights the asymmetry that is the fundamental feature of the trading system created by the Uruguay Round. She offers policy options that, while not part of the Doha Development Agenda, could be considered by the G8 and proposed as part of a final package.

In Chapter 14, 'Financing Development: A U.S. Perspective', Robert Fauver explores why there has not been a sustained period of rising income and improved living standards in developing countries in Africa or even a thorough debate on what works and does not work to secure real development. He suggests that focussing solely on the dollar amount of development assistance is a serious mistake. He evaluates the strengths of the Bush administration's 2002 Millennium Challenge Account (MCA), which focusses not only on aid, but also on trade and debt. Fauver concludes that a development strategy that works in partnership with developing countries has the potential to improve the fate of rich and poor partners alike.

In Chapter 15, 'Global Development and the Dollar: A Conflict to Be Solved', Paolo Savona addresses the broader global economic environment in which financing development unfolds. He notes the present collision between two economic models — the U.S. locomotive and emerging economy autopoietic growth. The first, based on the international use of the U.S. dollar, requires exogenous pushes coming permanently from the U.S. foreign and federal budget deficits. The second, based on growing domestic demand in emerging economies, is fed by FDI induced by liberalisation and integration. The structural weakness of the U.S. dollar creates problems for the emerging economies model, creating a risk of a global currency crisis and a fall in the global growth rate. A U.S. dollar reflecting American policy choices harms the economies of the rest of the world, especially those where growth is led by exports. It is not possible to ask the market to manage the potential policy effects of the conflict between the two different models. That is a job for the G8.

In Chapter 16, 'Controlling Climate Change Beyond Kyoto: The American Contribution', Frank Loy takes up three issues: the fact that the U.S. does not have a meaningful regime for reducing domestic greenhouse gas emissions, the important developments at the state level rather than federal level, and how the U.S. can be brought into an effective international regime. Loy concludes that the U.S. can be brought in by negotiating a two-step progress that will ensure the participation of developing countries and an equitable sharing of the international effort. Requiring countries to take on some quantified commitment is crucial in order to move forward on the UN Framework Convention on Climate Change (UNFCCC). An effective regime can be developed by starting negotiations with a small group of countries with more or less similar economies in order to produce a simple set of rules. These can then be reinforced by institutions and compliance procedures.