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German Development Policy**

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To the authors:

## Remarks on shaping globalization

### Perspectives of development cooperation and elements of global governance

#### 1 Globalization and new challenges for policy making

Globalization of economy, technology, communication, and transportation systems entails an internationalization of undesirable developments like crime, the drugs trade, and unemployment. The risks posed by new technologies can no more be contained nationally than can the climate problematique or the effects of shifts in the exchange rates of important currencies on "national economies," economic sectors, individual firms, employment, and social development. Crises in seemingly distant regions - like immiseration and mass poverty, environmental degradation and war, poverty-related migration or human rights violations - tend to reverberate globally. World problems are overtaking the nation-state.

The incessantly growing complexity of economic interdependencies, the increasingly intricate network of trade relations, financial flows, and direct investment are influencing the development dynamics of "national economies" and the options open to national policy to an extent that would have seemed completely inconceivable even twenty-five years ago (prior to the collapse, in 1973, of the Bretton Woods system). Following the collapse of socialism and the failure of inward-looking development strategies in the South, the world economy has, in nearly all countries

of the world, become the frame of reference for national development strategies and economic policies. The 1990s saw the emergence of a world market economy marked by competition not only between firms but between systems of social welfare, education, environmental regulation, and taxation as well.

The globalization processes presently underway imply an augmentation and intensification of transboundary interactions that are involving practically all societies, states, organizations, groups of actors, and individuals - albeit at different levels of depth - in a complex system of mutual dependencies. The scopes of action open to individuals, the reach of national policy, lifeworlds, patterns of social organization, and the deep structures of societies are undergoing a process of profound and enduring change. So globalization is not at all only an economic phenomenon. Political, social, and ecological processes are likewise increasingly assuming transnational dimensions.

Globalization is a spatial phenomenon. Local, regional, national, and global spaces are contracting and intermeshing in entirely new ways. Projects aimed at regional integration of country groups are moving in to take up the space between nation-states and the global level. Economic, social, and cultural activities are being repositioned along the continuum extending from local to global spaces and levels of action. Chains of action are networked ever more closely across different levels. Local-multilateral, inter- and intraregional, or even transcontinental interaction patterns are emerging between firms, governmental institutions, nongovernmental organizations, universities, individuals. Entirely remote events go on to affect local developments and vice versa.

Globalization has a temporal dimension. Information, knowledge, capital, goods, and people can be transported around the globe at an increasingly rapid pace. Activities, decisions - including those not taken - in one corner of the world in this way unfold, with an ever briefer time lag, impacts at the other end of the earth, even on everyday behavior.

Globalization is characterized by dense chains of causal interdependencies between different global trends. This can be outlined with reference to the global syndrome of growth - energy use - environmental protection - unemployment - developing countries: Globally, growth is running up against limits, energy consumption and environmental protection tend to counteract each other, less growth in the industrialized countries increases unemployment, unemployment in the industrialized countries harms the export chances of developing countries, pioneering rationalization successes in the OECD countries diminish the chances for countries in the process of development and/or transformation to catch up, lack of innovation reduces the chances for an ecological efficiency revolution - "*... and in the long run everything is wholly different than in the short-term perspective*" (Krupp 1997, 97). Economic and social development, population growth, the environment, and technological innovations affect each other in wholly specific ways. War and peace may depend on social developments, environmental deformations, or lack of political regulation of complex problems with border-crossing impacts.

Globalization entails a great variety of opportunities, e.g. for developing countries which succeed in actively integrating into the world economy. After all, the most dynamic economies of the past three

decades have been the ones which have deliberately and selectively moved toward the world economy. These worldwide interdependencies and reciprocal dependencies can also encourage a greater measure of cooperation in world society. And, not least, the new information and communication technologies are permitting many actors who have until now largely been cut off from worldwide communication flows to more rapidly access internationally available knowledge and take advantage of opportunities offered by international networking; this applies equally for governmental institutions, firms, nongovernmental organizations, and scientists from many countries of the South.

Globalization does, however, also pose a number of new and complex questions concerning the future of policy:

- **Governability as a future problem:** If it is correct that the world threatens to break free of the framework defined by the nation-state and to "drift," as Dieter Senghaas writes, then we are faced with the question of whether and how **globalization can be shaped politically**, and hence with the "**problem of the governability of the world**," as the matter was formulated by the Israeli social scientist Yehzkel Dror at the beginning of the 1990s in a report to the Club of Rome.
- **Organizational framework for the world economy:** The issue here is in particular what possibilities there are to **embed the world economy in an institutional framework**. It is precisely against the background of the Asian crisis and the turbulences in the international financial markets that international organizations (like IMF, OECD, BIZ, etc.), which until recently rejected any reflections on necessary organiza-

tional frameworks for the world economy as "old thinking," have now begun to concern themselves with approaches to regulating the global economy,

- **Unfettered globalization overstrains societies' mechanisms of social integration:** In an article in the Germany weekly "ZEIT" in February 1998, Ralf Dahrendorf warns of a "*wild and merciless globalization*" which is subject only to the laws of competition and may thus, in many countries, lead to the exclusion of "*a substantial number of people*" from society. This, however, would mean, Dahrendorf goes on, "*that such a society can no longer convincingly demand that its members respect law and order*" - the consequence of which would be increasing domestic social strife and jeopardization of social cohesion. If we take seriously this warning of an observer not known as one of the prophets of doom in his field, we are faced with the question of the **primacy of politics vis-à-vis the self-dynamic laws of the market** as well as of **institutions adequate to the task of shaping the process of globalization** and approaches needed to prepare national societies and institutional systems in North, South, and East for the new challenges ahead.

#### Overview:

#### Globalization problems - problem types

##### 1. Global goods (and bads)

- protection of the international climate
- protection of biodiversity
- protection of the ozone layer
- stability of the international financial system, etc.

##### 2. Transboundary problems

- migration
- pollution of the North Sea
- acid rain
- corruption, etc.

##### 3. Global phenomena

- megacities
- crisis of hierarchical large-scale organizations
- employment crises, etc.

##### 4. Global interdependency problems

- economic crises - immiseration - migration
- world trade - transportation - ecological costs of mobility
- declining incomes in industrialized countries - declining energy consumption - employment problems in North and South, etc.

##### 5. Competition between systems (locational competition), races to the bottom

- tax-reduction races
- (cost) competition between systems of social and environmental regulation
- social disintegration, etc.

##### 6. Complexity of global governance architecture

- deficits in democracy and legitimation
- coordination problems of multilevel policy
- risk of negotiation blockades
- blockades due to asymmetrical power structures, etc.

At the World Economic Forum held at the beginning of 1998 in Davos many discussions centered on the question of the future of policy making in a globalized world. What is at issue here is not the old dispute over more or less government or demand-side versus supply side policy. The case is instead such that our societies operate with institutions that are no longer a match for the new realities of globalization and the information revolution. This is the source of the alleged powerlessness of policy. If politics is to regain the initiative and put an end to the growing tendency toward policy failure, it will have to adapt its instruments and institutions. Richard Haas, one of the most distinguished researchers at the Washington Brookings Institute, sees, against this background, creation of institutions to deal with globalization as the currently "*greatest intellectual challenge facing the world.*"

Globalization is a complex phenomenon, and it is giving rise to a great variety of problem areas that call for differentiated responses. Six problem types can be distinguished (Messner 1998, p. 30-38):

## 2 Causes of the "policy crisis"

The "policy crisis" is the fault not of globalization per se but of the organization of policy. World economy and society have changed emphatically in the past two decades, policy institutions have not kept pace; their inertia is (too) strong; they are marked by a lack of institutional and political innovations. World society is in this sense "underregulated," institutionally under-, not to say, maldeveloped:

1. We are experiencing on the one hand an increase in the **gulf** between the **internationalized economy, global environmental hazards, transboundary problems** (such as migration, crime, deforesta-

tion, loss of biodiversity) and on the other hand a **large measure of fixation on territorial sovereignty** when political action is called for. Constitutive coordinates of our political thinking are being challenged, or indeed outstripped, by today's realities:

- While political institutions geared to internal or external policy are clearly separate from one another, each being the domain of a specific policy community, the boundaries between **domestic and foreign policy** are de facto blurred, because current problems increasingly have a transboundary, indeed not infrequently global, character: the problems of races to lower taxes in connection with locational competition and the problem of taxing capital income (involving, in many countries, a shrinking tax base) with an eye to liberalizing international financial markets have an immediate impact on national fiscal policy, domestic social relations, and, at the same time, on relations with other societies; local and national environmental problems often have transboundary impacts or external causes; issues concerning domestic social balance and social security standards are interwoven with conflicts of interest stemming e.g. from disparities in international development (keywords: social and ecological dumping in world trade). In view of these trends the separation of policy into domestic and foreign affairs often still dominant in the literature constitutes an analytical stumbling block. Time-honored terminologies and patterns of interpretation used to apprehend "the world," but also institutional arrangements that define the thrust of politics, are being "invalidated" by the dynamics of global-

ization, technology, and worldwide markets.<sup>1</sup>

- Worldwide and transboundary problems are accessible to solution only on the basis of increased international cooperation. We are living in a system of **divided sovereignties** – the possibilities open to nation-states to address urgent issues of the future on their own are limited. In view of international interdependencies the traditional understanding of "national sovereignty" and an overly narrow definition of national interests are political dead ends that lead only into to a failure of politics: what is essential if the capacity of nation-states to act is to be strengthened is international cooperation, a selective relinquishment of sovereignty, and international burden-sharing.
- The "**principle of nonintervention**" in "internal affairs" is also in need of ad-

justment to the new conditions of growing international interdependency. To protect human rights, to contain civil wars, to combat international ecological crises, to bring the perpetrators of genocide to justice, to monitor compliance with international agreements, it is necessary to create binding international rule and monitoring systems as the basis for new forms of "mutual intervention" (of course in the "affairs of the industrialized countries" as well, e.g. as regards the implementation of CO<sub>2</sub> reductions).

In view of intensifying international interdependencies, internal national logics will, again and again, have to be prized open to make room for longer-term global considerations. Societies that fail to take adequate account of these new demands will, in the medium and long term, join the ranks of the losers of globalization.

2. In Germany - except for the small political and academic community concerned with foreign and development policy and global environmental policy - the fact that we are de facto growing into an "era of globalism" (Kaiser 1995) is generally not particularly well understood. This is shown not least by the **subordinate role** accorded in Bonn to **development cooperation**. And even in development cooperation we find that national *partis pris* are reproduced: donor coordination is making little headway (not least due to a lack of cooperation priorities and barren competition between the important donors), the practice of aid-tying is still quite current in development cooperation, and, even in the context of the EU, there is still a lack of coordination among the partners and clear profiles in the development cooperation of the member states and the European Union as a whole. Where is it

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1 The following comments on "foreign policy" from a Germany dictionary called "Staat und Politik" (ed. Dieter Nohlen, Munich 1991, pp. 29f.) illustrate that the classical understanding of foreign policy is no longer adequate to finding solutions to the new challenges posed by the world society: "With the aid of foreign policy society, organized in the nation-state, articulates its interests vis-à-vis other states.... Foreign policy in the classical sense consists of the activities or omissions of one government vis-à-vis another government, both of which constitute, in their entirety, a pattern of relations. Foreign policy also refers to the cooperation of one government in multi-, supra-, and international organizations and/or conferences.... Foreign policy ... is the responsibility of foreign ministries and finds expression in state visits, treaties, or agreements with other governments as well as in the form of diplomatic intercourse. Foreign policy in the broader sense must be understood to include those aspects of economic, defense, and cultural policy that have transboundary significance or consequences, since foreign policy is increasingly realized as a conjunction of sovereignty, security, and welfare interests vis-à-vis the external environment."

written that all countries should have to cover the entire spectrum of development cooperation? This is a point in which we could learn from globally active corporations, whose strength and success depends on developing specific competitive advantages instead of (vainly) seeking to operate in as many business segments as possible.

3. The **international organizations** (apart from the Bretton Woods institutions and the WTO) tend to be weak actors either lacking the power needed to act or unequal to the new challenges (like e.g. the IMF in the face of the volatile international financial markets). The United Nations has been unable to expand its role in world politics since the end of the East-West conflict. The time has come for a shakeup of the international organizations. Reform of the UN is proceeding at a slow pace, even though there is no lack of relevant proposals. Germany too (as an important global player) has failed to develop any active strategy for reforming the UN, narrowing its own UN policy down to its struggle for a seat on the Security Council (Stiftung Entwicklung und Frieden 1997). But it has also become clear in recent years that the UN will not be able to be a "power-brokerage center for global governance," and will instead more likely have to be content with a role as a "platform for world forums" and international mediation tasks.

4. Furthermore, we are also experiencing a **crisis of multilateralism**, especially in the USA, but also in Europe. That multilateral cooperation is (also and precisely as a consequence of national parochialism) a complicated and often protracted process is a fact not to be concealed; that there are, in many problem areas, no alternatives to it is a fact often overlooked.

5. The gulf between **poor and rich** in the world continues to grow - despite suc-

cessful catch-up processes on the part of a number of (above all Asian) NICs. The means available for development cooperation are declining worldwide; the North-South dialogue has been neglected by the industrialized countries since the mid-1980s. These are not the right conditions to boost the cooperation-mindedness of the weaker countries and to solve future world problems by means of intensified international cooperation and come to terms with the task of giving political shape to the globalization process. From the angle of the developing countries the term "global governance" often has a threatening ring about it, one that seems to indicate that the aim here is to cement institutionally the hegemonic power of the industrialized countries and solve problems at the expense of the developing countries. Without cooperation with the South, however, many world problems (climate, ozone, biodiversity, migration) cannot be brought to a sustainable solution. Successful development cooperation and a sharing of global burdens are important dimensions of global governance and at the same time the humus needed to cultivate viable forms of international cooperation between de facto unequal partners.

Against this background it must be conceded that Fred Bergsten, the director of the Washington Institute for International Economics, is right in advocating an expanded global multilateralism and calling for reliable global rules, above all in the fields of monetary policy, direct investment, capital flows, competition, environmental protection, industrial safety standards, and anti-corruption measures. It might be added that it would also be very important to harmonize regional regulatory systems in the problem areas noted. The international agenda is need of a **New**

**Bretton Woods** to take on the new, far-reaching challenges and work through the long catalogue of unsolved problems. The goal would have to be a "*second transformation*" of capitalism that might, now that the national market economies have been tamed by the rule of law and the social welfare state, concentrate on imbedding the world market economy in a new, now global, institutional framework.

### 3 Don't we already have a system of global governance?

Of course several elements of "global governance" have long existed. To name a few examples

- the system of international organizations;
- the crisis management system that proved its mettle in the monetary and financial crises in Asia in 1997/98 and the Latin American debt crisis in the 1980s;
- the world conferences of the 1990s on sustainable development, population, human rights, social development, women, etc.;
- some progress in the area of environmental protection via the development of internationally binding regimes (Montreal Protocol, climate agreements reached in Kyoto, etc.).

Apart from the above-outlined causes of the "crisis of policy" which are preventing these elements from coming together to form a durable patchwork carpet, there are three important reasons why any attempt simply to "muddle on" in international relations is doomed to failure in view of the pressing future tasks facing world society:

1. **Hegemonic policies preclude any cooperative world order:** global governance has prospects only as a cooperative

project. This presupposes that the countries of the world most capable of acting will rethink the policies they have traditionally used to articulate their interests. There is, above all in the USA, an influential foreign-policy wing that aims to weaken multilateral organizations and is willing to contribute to solving world problems only when this is done under conditions set out by the United States (Brzezinski 1997). In Denver in 1997 (G8 summit), at the New York follow-up conference to Rio in the summer of 1997, and at the climate conference in Kyoto, the USA presented itself in the posture of the only remaining superpower --and served up "old thinking." The EU, too, with its antiquated agricultural policy, which is responsible for palpable damage to the economies of many developing countries, is not precisely promoting the spirit of cooperation-based international management. The industrialized countries must practice cooperation in the setting of the world community, because otherwise we are faced, in a growing number of problem areas, with the prospect of a failure of policy. A self-confident EU, with a mind to lending a hand in shaping global affairs and an eye to cooperative international collaboration, could set important signs here. The EU has what it takes to be a "world heavyweight" - and global governance calls for global leadership (cf. Flavin 1997). One important first step might be to transform the G8 club of the 7 most powerful industrialized countries (plus Russia) into a Global-12 Forum that would also include other partners from developing regions essential to solving world problems (e.g. China, India, Brazil, South Africa).

2. **"Blind spots of international policy":** International crisis management has thus far worked above all when the

interests of important global players are directly threatened: stabilization of the Asian economies is of great importance for the structure of the world economy and for the international banks; quick action is being taken here, and substantial financial resources are being mobilized to avert any spread of the crisis. Other pressing future problems, though, are approached with far less emphasis: the negotiations on debt relief for the poorest developing countries, which are concerned with comparatively small financial volumes, have been dragging on for over ten years now; the means available to alleviate worldwide poverty show a downward trend. The logic of this development: regions like Africa (to name one example) are unimportant and uninteresting for the industrialized countries - as long as they do not give rise to any immediate crises. These "selective forms of global governance" are not only questionable for normative reasons of fairness, they are above all detrimental to any comprehensive culture of global cooperation in world society and undermine the willingness of the weaker countries to cooperate - in this way diminishing, in the longer perspective, the chances of any sustainable solution to the problems facing the world (e.g. in the field of ecology), to which these societies will also have to contribute. The "blind spots of international cooperation" outlined here also point to the limits faced by a strategy of solely deliberative politics in the international system that places its trust one-sidedly in the self-organization and long-term orientation of the global players (Fuhr 1998). Like nation-states, world society will be unable to rely exclusively on the goodwill of the most powerful actors. Binding rule systems and law were essential elements of the civilization of national societies; and there is

nothing that indicates that a world society on the road to becoming ever more interdependent will be able to get along without them.

3. **"Crisis management" and "ad hoc-ism" must be supplanted by "global policy"**: Politics at the international level has until now been marked mainly by "crisis management" (e.g. to contain the Asian financial crisis; to check the mass murders in Somalia and Bosnia; to combat the forest fires in Asia). Preventive and institutionalized solutions to problems (i.e. the long-term shape given to development and structure-building processes.) are the exception. Global problems, world problems, are, however, no longer "exceptions," accidents," or "temporary phenomena" but the normal state of affairs in a globalized world, albeit one to which we are as yet unable to provide any sufficient institutional responses. Creating structures of a world order, developing an architecture of global governance, means understanding global policy not only, re-actively, as crisis management (Reinicke 1998). The management of global interdependencies is becoming a permanent task - comparable to economic, social, and educational policy in national societies. In his studies on "world environmental policy" Udo Ernst Simonis (1996) has pointed to this state of affairs.

#### 4 **Four dimensions of global governance**

Germany's external policies are in need of further development in that their elements are not yet in line with the new demands.

- The German **Foreign Ministry** (*Auswärtiges Amt*) is - in terms of its present makeup - not geared to finding solutions to the world problems out-

lined and other transboundary political governance problems that are emerging from globalization and the intensification of international interdependencies in a growing number of policy fields. The foreign ministry can de facto no longer (as was taken for granted in the past) claim a monopoly on Germany foreign relations (which it has share with the "small foreign ministry," the Ministry for Economic Cooperation and Development, BMZ), since environmental, economic, transportation, social, science, and research policies, etc. have long since assumed transnational dimensions (Messner 1998). The boundaries between domestic and foreign policy are no longer sharply defined; "foreign policy" (in the classical sense, essentially tailored to securing the peace, opening markets, and furthering cultural exchange), or better: transboundary policy, has become enormously differentiated.

- The German **Ministry for Economic Cooperation and Development** has until now focused on the task of contributing to the development of the countries of the South.

The globalization process poses problems that go far beyond the scope of classical foreign policy (see the note on foreign policy). This process forces us to fundamentally reconsider and rethink the relationship between "internal" and "external" policy. It also places new demands on national policy, opening up, as was noted above, a new, broad field for international cooperation and global governance for which there exist as yet neither viable institutional structures nor an internationally acknowledged model. International crisis management as "ad-hoc-ism" is the consequence.

A new system of global governance would have four basic dimensions.

#### 4.1 Pillars of a cooperative world order - creating a global policy framework

*"We must not leave the economic future of the world up to the automatic pilot"* (Peter Southland, president of the GATT secretariat; epd-Entwicklungspolitik, no. 7/98, p.4)

As a country of some significance to the world economy, Germany must have an interest of its own in developing an international regulative policy, or *Ordnungspolitik*, for the world economy. There is no doubt that markets need an organizational and regulatory framework to be able to unfold their productive forces and devote them to the task of social and ecologically sound development. In an unregulated state market competition gives rise to social and ecological races to the bottom. These considerations once applied for national economies - and they now, in the age of the global economy, apply at the international level as well.

The **world trade regime** constitutes an initial element of such a world order. In addition it is imperative that the latter be supplemented to include an international **competition regime** and an effective **world monetary and financial regime**. It is also essential to envisage the development of a world **social order** which uses a system of international burden-sharing to attempt to reduce the risks emerging from a growing prosperity gap and the marginalization of entire world regions (e.g. through further development of development cooperation; debt relief; minimal social standards; certification of products manufactured in compliance with ILO standards). Development of a **world environmental regime** is the fifth pillar of a

world *Ordnungspolitik*. A strategy of this sort would be credible above all if Germany were to engage in serious efforts to restructure its own economy along ecologically sound lines.

A global regulative framework presupposes a **cooperative external and peace policy** and **further development of multilateralism**. Former German foreign minister Hans Dietrich Genscher recently, in a lecture at the University of Duisburg, put the matter aptly: "*The future of the world depends on whether the world regions seek confrontation or strive for active tolerance and cooperation, i.e. a cooperative world order.*" This perspective points beyond the traditional fields of external diplomacy.

What is needed to give shape to the above-outlined global framework at the end of the 20th century and under the conditions of a world growing more and more closely networked is a "reinvention of the Bretton Woods system." In this context we are confronted with the question of "policy competition versus policy coordination and international cooperation," as was pointed out by Ewald Nowotny (1997). The other option is a system characterized by states locked in a struggle for locational advantages without any regulative framework, a system which allows for downward spirals in the fields of social welfare, environmental protection, and taxation. The other model links economic and political competition for the best solutions with international coordination measures, cross-border cooperation, and basic and minimum global and regional regulative standards. Not only is the market an innovative "process of discovery" [*Entdeckungsverfahren*] (Hayek), political cooperation mechanisms also contribute to heightening the capacity to solve social problems.

Development of viable global organizational structures presents a great challenge: the Asian crisis has clearly shown that there are at present no mature proposals for an institutional integration of the volatile and crisis-prone international financial markets and that even our knowledge of the mechanisms that effectively shape the international financial markets is underdeveloped, as the Bank for International Settlements notes in its annual report for 1997. This it appears to indicate that great intellectual efforts and institutional innovations are needed to undertake any sustainable steps toward the goals of global governance. Certain is: the "reinvention of Bretton Woods" cannot be restricted to creating hierarchical "world environmental agencies," "world competition authorities," and the like. Any such centralist global governance architecture would be incompatible with the complexity of the problems facing the world. What will instead emerge are transnational regulative networks: global minimum standards will be updated, concretized, adapted to specific national capacities by joint regulative frameworks in the world regions (e.g. in the EU); globally stipulated (environmental, social, etc.) standards will, from case to case, be monitored by national, regional, or international (public or private) organizations; nation states will be increasingly accountable, and required to provide information, to supranational actors; internationally stipulated action plans will as a rule have to be implemented at the national level, often by local actors, often also in the framework of international cooperation, with locally and internationally active NGOs contributing to democratic control and transparency.

## 4.2 From North-South cooperation toward international cooperation in solving global and transboundary problems

*"Resource transfers to promote global public policy are neither foreign nor aid, but an investment that provides returns to all."* (Foreign Affairs Nov./Dec. 1997)

The development of international cooperation over the past decades can be represented in three sequences.

- \* In a first phase development cooperation was tailored to improving the development conditions in the partner countries by transferring (North to South) know-how and financial resources (not infrequently accompanied by a good measure of 'sermonizing').
- \* A second phase saw the growth, since the mid-1980s, of the insight that the North too would have to change if the development chances of the countries of the South were to be improved (keyword: "ecological structural adjustment in the North"). "Development," this much became clear in connection with the discussions over "sustainable development," is not only a problem of the South, it is a global challenge.
- \* In the course of the third phase, in the 1990s, it has become increasingly apparent that globalization and world problems require an enlargement of the forms of international cooperation: the concern now is to recognize that global and transboundary problems can be solved only jointly (through changes in, and deepened forms of cooperation among, industrialized and developing countries, NICs and countries in transformation). The donor-recipient configuration typical of previous development cooperation is growing less and

less important; joint learning, search, and problem-solving processes are now in the foreground of the discussion.

A greater measure of international cooperation and coordination, supranational systems of rules and standards, internationally binding conventions, international regimes (e.g. concerning biodiversity, migration, arms export controls), and internationally coordinated and focused national strategies and measures aimed at solving global problems are called for. A **"culture of joint learning,"** the development of **"international learning communities"** are the keystones of global governance. **Global interdependency and cooperation management** should be used to supplement national policies and existing forms of North-South cooperation.

The Montreal Protocol on the protection of the ozone layer is a successful example of "global policy": the current global course was successfully changed by linking the international convention with binding reduction timetables for CFCs, internationally coordinated packages of measures aimed at reducing CFCs, monitoring systems to supervise the implementation process, technology transfers, and development-related instruments aimed at supporting the conversion of CFC-based production plants in the weaker countries of the South. The process of a global strategy to reduce energy consumption initiated in Kyoto is guided by a similar logic in one of the central policy fields of the 21st century. This process will open up further fields of international cooperation (market for emission certificates, joint implementation, development of systems of indicators, monitoring and control systems, international research programs, technology transfer, settlement mechanisms, etc.). As was demonstrated not least by the world

conferences of the 1990s (see Messner/Nuscheler 1996), similar initiatives are urgently needed in many policy fields. In order to fully utilize the potential of the world conferences, it would be essential to establish an **international agenda of the most pressing problems facing the world and its future**, to set clear-cut priorities, agree on binding and realistic action time-tables, in this way laying the groundwork for global governance.

Global policy and international cooperation as elements of global governance, as outlined here, accordingly imply

- more than "peaceful co-existence;"
- more than an optimized multilateralism;
- more than international crisis management in situations of acute hazard;
- more than transfers of financial resources and know-how to strengthen the development potentials in countries of the South;
- more than a strengthening of weak international organizations; and
- more than a shaping of global framework conditions.

The challenge consists in the development of a system of institutions and rules and new mechanisms of international cooperation that permit and facilitate a **processing of global challenges and transboundary phenomena on a continuous basis**. Nation-states have in the past two centuries created institutions and worked out mechanisms geared to pursuing national policies and shaping national societies; we are now once again faced with a similar search and learning process aimed at developing viable global governance structures.

### 4.3 Democratically legitimated and normative structural principles of global governance: elements required to develop an international culture of cooperation

*"Any contemplation of one's self must take into account different viewpoints, time-horizons, given geographic and social circumstances."*  
(Krupp 1997, 97)

**Learning from constitutional democracies:** The development of the constitutional democratic state may be seen as a (successful) attempt to overcome autocracy, oligarchy, social Darwinism, cultural and religious intolerance and pave the way for a regime of democracy, liberty, solidarity, compromise, fairness, and social equity. The international system of the 20th century is marked by the survival of many structural principles that have been successively dismantled at the national level by democratic constitutional and welfare oriented states. Long-term stability in world society calls (as the history of the process of civilization in the nation-states shows) for rule systems conducive to and based on cooperation, i.e. the "institutional and legal enclosure" of power.

**Global rule of law:** The idea of the rule of law is one of the great achievements of the modern era and of Western democracies. Global governance, world regulative policy, is conceivable only by strengthening the global rule of law. The establishment of an international penal court and the development of a system of world ecological jurisdiction would be significant steps in the right direction. The development of a European system of justice demonstrates that an orientation of this kind is not a naive utopia. In its report, the Commission on Global Governance, which was inspired by Willy Brandt, notes: *"In an*

*ideal world, acceptance of the compulsory jurisdiction of the World Court would be a prerequisite for UN membership.*" (Commission on Global Governance 1995, Chapter 6)

**Intercultural exchange - the cultural dimension of global governance:** If in the future a growing number of problems can be solved only by means of "mutual intervention," a system of global rules, transboundary political networks, and global governance, then we are in need of an expanding foundation of shared values, standards, and principles of action. Joint solutions to problems in network-like negotiation systems presuppose, in national societies and the international system alike, a minimum measure of confidence, willingness to compromise, and respect for the legitimate interests of others (Messner 1997, 228 ff.). Stressing these problems is not tantamount to launching a moral appeal. The intention is instead to point out the functional conditions of global governance. Against this background the currently stagnating, or indeed declining, expenditures in the field of external cultural policy can only be read as a step in the wrong direction.

**Differentiated rule formation in the system of global governance:** Lothar Brock rightly points out that it would be a mistake to use global rule formation to subject countries marked by greatly different problems and development levels to uniform treatment (Brock 1997, 9). Global rule formation must consider the different effects entailed by globalization and link generally valid principles, norms, and rules with special arrangements for specific country groups (e.g. least developed countries, countries in transformation). The above-mentioned Montreal Protocol is a constructive example of differentiated rule

formation that consciously subjects the developing countries to "positive discrimination;" "In the negotiation on the institutional shape to be given to the world economy (e.g. in the GATT process) the industrialized countries have, however, invariably rejected any such "concessions." Differentiated rule formation processes are also conceivable between industrialized countries: Fritz Scharpf (1997, 86f.) proposed with an eye to the EU that the better-off countries might reach agreement on demanding environmental or social standards as a means of eluding the temptation posed by competitive deregulation. The less developed countries could then themselves agree on joint standards, initially at a lower level, in order to eliminate the dumping competition rampant among them as well; the "lower standards" could then, in the wake of economic development, be successively adjusted "upward."

**Global development issues:** The world conferences have shown that there are global development issues that effectively define the orientation of (national and global) development and on which the actors of world society will have reached agreements in order to successively work out an "**working agenda for world society.**" (Universal) human rights, gender issues, democracy, and questions of social equity are such "global development issues," and they open up **difficult fields for joint learning and transboundary dialogue.** The as yet underdeveloped discussion on "social equity" and "fairness" in world society will rapidly gain in significance, as was shown in the course of the climate conference in Kyoto: global governance, global problem-solving, implies that one task at hand is to distribute costs and benefits and that therefore generally accepted (substantial and procedural) crite-

ria of justice will have to be elaborated (e.g.: what energy reduction goals would be equitable for which countries? What should the level be of compensation payments made by industrialized countries to developing countries aimed at preserving the rain forests? Who is to foot the bill for Asian crisis? Is the contribution-weighted system of voting rights in the Bretton Woods institutions just?).

#### **4.4 Reorganization and transformation of policy in the architecture of global governance**

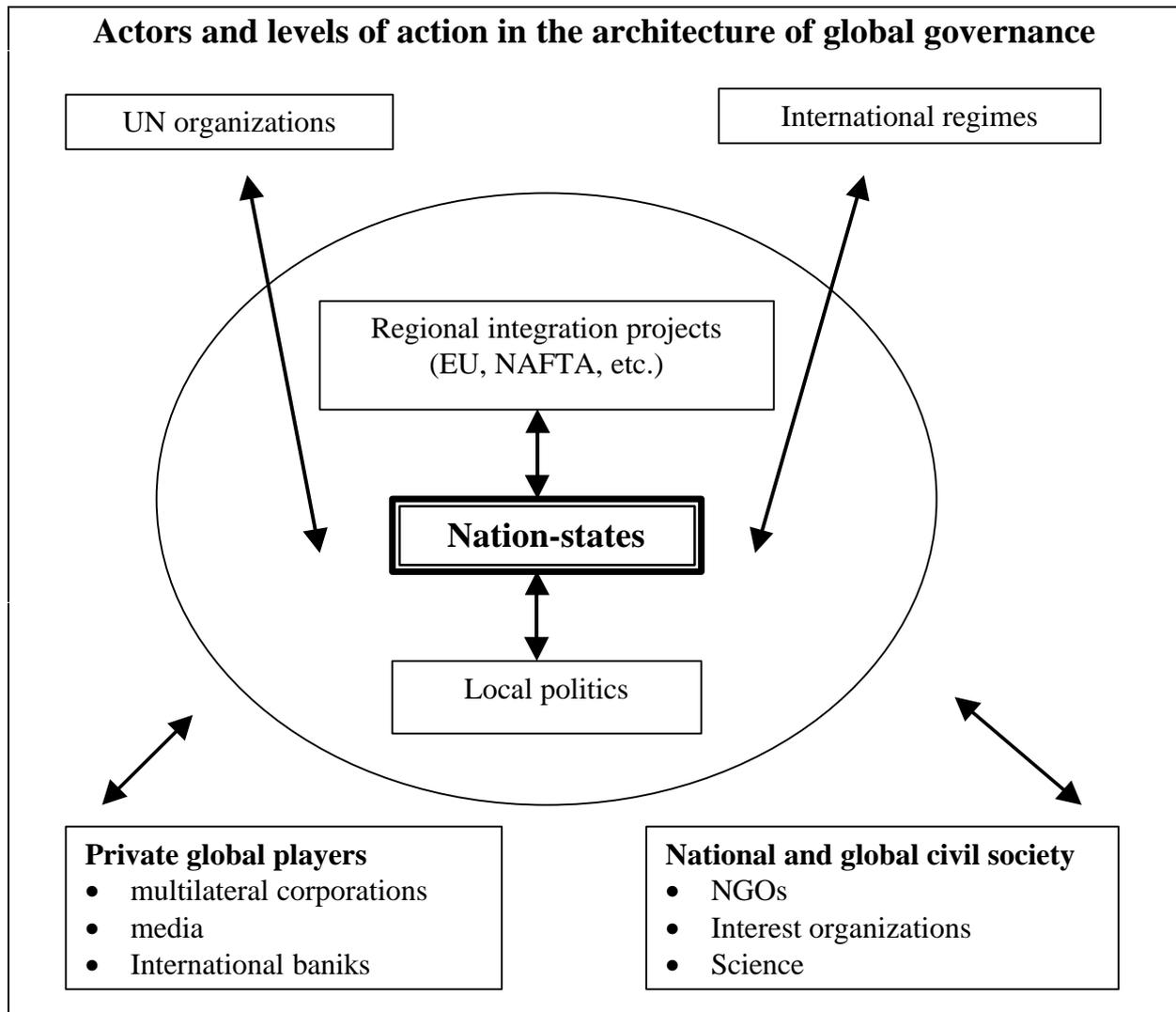
In times of global structural change national action loses none of its significance. Global policy cannot succeed without states that are capable of effective action. On the other hand, the effectiveness of national policy is more and more dependent on multilateral arrangements and transboundary cooperation. In being part of the system of divided sovereignties, nation-states do not renounce their will to shape policy; on the contrary, this situation is a condition required to enlarge political governance capacity in a world growing continuously more interdependent: nation-states will take on hinge, coordinative, networking, and monitoring functions; they will become "interdependency managers" that are no longer able to solve many problems on their own but will instead be forced to rely on network structures. Global governance will not succeed without an interlinkage of national and global policy (Messner 1998).

Regional integration projects (like the EU, NAFTA, etc.) will grow in significance. Regional governance is an important component of global governance. Cooperation between regions will also increase. For the EU, NAFTA, APEC, MERCOSUR, and OAU are potential net-

work partners together with whom transcontinental problems can be addressed.

**Global governance calls for multilevel policy** in the architecture of global governance. Transboundary and global problems call not only for new global rule systems but above all for responses at different levels of political action, from the local to the national, interregional, and global levels.

Political institutions are as a rule geared to dealing with geographically limited problems: local institutions are chiefly responsible for solving local problems, national institutions for regulating national problems, and so on. These structures fail or present obstacles when e.g. the causes of problems are international ones (destruction of forests), calling for international conventions and rules (international forest convention) and at the same time necessitating local measures (e.g. reforestation) which must be monitored and sanctioned (local, national, and international monitoring systems; legally binding conventions, international jurisdiction) to overcome global and local crises.



The problems are similar in the field of climate policy as well. The view that global environmental problems can be combated only at the local level, i.e. implying that national policy is powerless, is mistaken. There are climate protection measures that have to be coordinated internationally (e.g. internationally binding agreements on emission reduction targets) to eliminate free-rider behavior; there are other climate protection measures that it would be better to coordinate internationally, though this is not absolutely essential (e.g. energy tax); and there are also still a good number of options for measures that are not in need of international coordination (e.g. thermal insulation for buildings, use of waste heat in industry, speed limits),

though they must be focused to comply with internationally agreed reduction timetables.

So multilateralism is indispensable, though it is not a substitute for fully utilizing existing available national scopes of action. Global governance goes beyond any calls for "more multilateralism", and it calls for a growing measure of cooperation, coordination, and networking between the levels of actions outlined above. In view of globalization, policy will in the future have to be conceived, and realized, within the architecture of global governance.

## 5 New approaches to development cooperation are needed: self-restraint in development cooperation or contributions to global governance?

For development cooperation the question is what contribution it will and can provide to developing a global governance architecture. Here the question will not be answered but structured. One central issue is certainly whether future development cooperation will be oriented primarily toward "**niches of international cooperation**" (self-restraint in development cooperation; concentration on the poorest countries and/or direct poverty alleviation) or will (also) be tailored to the "**new core areas of international cooperation.**" The issue here is the competence and the comparative advantages of the organizations engaged in development cooperation in the context of global governance.

### 5.1 Development cooperation and the core dimension of global governance: questions to structure the issues

This section will present some reflections intended to adumbrate the direction the discussion may take. The first question is whether development cooperation could provide contributions in the areas that were addressed above as core elements of a global governance architecture yet to be developed, and what these contributions might consist in; these include:

1. World order, global framework (see 4.1)
2. International cooperation in solving world and transboundary problems (global policy in the global governance architecture) (see 4.2; diagram: Globalization problems – problem types)

3. Democratically legitimated and normative structural principles of global governance (rule of law at the global level; intercultural exchange - the cultural dimension of global governance; differentiated rule formation in the global governance system; global development issues) (see 4.3)
4. Interlinkage of national and global policy toward the end of solving problems in the architecture of global governance (see 4.4)

The concern here is not to give answers but to pose questions that should be addressed from the perspective of the German development ministry and other development cooperation institutions:

- \* Is it reasonable and conceivable to develop North-South development cooperation in the direction of a comprehensive international cooperation aimed at solving world problems, an institutional framework for globalization processes, and an invigoration of national and global governance capacity? Do existing development cooperation institutions have the potential to become the core institutions of global governance?
- \* In what subordinate fields might development cooperation bring its experience and skills to bear?
- \* In which fields of global governance are there comparative advantages compared with other institutions and groups of actors?
- \* Would it make sense to think in the direction of a "ministry for global cooperation and future issues" that focused the sectoral contributions of other specialized ministries with an eye to solving global problems?
- \* If future development cooperation remains restricted to classical North-South cooperation, what institutions

would then be suited to advancing global governance?

## 5.2 A minimal strategy to advance development cooperation under the conditions of globalization: defining new focal points and priorities

A minimal strategy devised to advance development cooperation would consist in a further differentiation of current North-South development cooperation under the new conditions of globalization. In what direction should reforms be developed?

**First**, it continues to be essential to use development cooperation to strengthen the internal development potentials of partner countries (promotion of economic, social, and ecologically sound development, human rights and democracy). That there is a broad potential for **incremental change** in this area as well is a point that can only be noted here (from project orientation to program orientation; clear-cut priorities and radical reduction of individual projects; implementation of sustainable and significant programs; strengthening of the governance capacity and reduction of project-administration activities in the German development ministry; policy coherence; donor coordination; concentration of public and private activities, etc.) In this field there is a large measure of concurrence in the development community (Holz 1997).

**Second**, in the future there will be a greater need for contributions toward solving world problems and mitigating the effects of globalization. Looking at things through the "**glasses of world problems and globalization**" can lead to development cooperation priorities other than the present sectoral and country strategies pursued by the German development ministry,

which proceed mainly from national problem areas. Seven elements would be crucial here:

1. Globalization means, above all from the perspective of developing countries, that there is no viable alternative to integration into the world economy. Countries that fail to develop national competitive advantages are doomed to become "welfare cases in the world economy and in world society." Cooperation aimed at **strengthening competitiveness (under consideration of ecological sustainability and fully utilizing synergy effects between economic and social policy) and national technological competence** is therefore a topic that is not marginal but central to development cooperation.

2. A globally oriented development cooperation must support the **partner countries in developing contributions of their own to global governance**. It is only good performers who are in a position to keep the internal variables of global problems (e.g. population growth, energy consumption) effectively under control and cooperate on an equal footing in the architecture of global governance. Global governance can work only if policy formulation at the global, regional, national, and local levels complement each other. Here there are many points of contact with the development cooperation currently practiced, though new priorities may emerge in the areas particularly relevant to solving world problems (e.g. strengthening the state's governance capacity; training national experts for global problems - "interdependency managers" - international cooperation management). While the international development cooperation of the 1980s and 1990s, based on the so-called Washington consensus, was rooted in the ideology of the 'minimal state' and sweeping deregula-

tion, the concern now is (again) to strengthen the institutional structures (public and private) in the partner countries in order to be able to effectively deal with national and global problems. Here it is time to embark on new paths, since the neoliberal renunciation of policy has proven impracticable, and it is not possible to return to the failed, one-sidedly statist policy concepts of the 1960s and 1970s. The potentials of governance based on market, state, and networks and their complementarities, must be focused with an eye to strengthening the learning and problem-solving capacities of societies (Messner 1995).

3. It could make sense to **concentrate development cooperation funds in fields directly concerned with solving world-wide problems**. For this purpose it would be helpful to work out an agenda of the most pressing world problems. Focal points and priority fields other than those that might be expected on the basis of the "nationally oriented" country strategies presently pursued by the German development ministry would emerge from this perspective. The conclusion might, for instance, be drawn that it would be best to invest development cooperation funds in China, India, and Brazil above all in the field of rational and regenerative energy systems, bearing in mind that, in view of the sheer size of these countries and their populations, it is possible to solve global climate problems only if these societies succeed in achieving a "turnaround in energy." It would be important to bear in mind that the correct and reasonable orientation of development cooperation toward fields that might be harnessed to govern global trends and solve world problems should not be allowed to lead to a counterproductive neglect of other areas signifi-

cant for these countries' internal development (i.e. also, in the long term, significant for their general problem-solving competence and willingness to cooperate in the architecture of global governance). In some cases win-win situations are entirely conceivable; approaches to solving national and global problems can reinforce each other mutually (example: in Africa, concentration on the world problem of population development; initiatives in the areas of preventive health care / poverty reduction / investment in the education and training of girls). A "global-governance-centered development cooperation" would, however, (in view of the real scarcity of financial resources) lead to priorities other than e.g. a development cooperation tailored mainly to poverty issues. These goal conflicts must be addressed.

4. Seen from the perspective of world problems, it would make no sense at all to concentrate development cooperation on the poorest countries (as is often demanded with reference to the intended poverty orientation of development cooperation). **No solution of global problems is conceivable without close cooperation with NICs and high-population countries like China, India, Indonesia, and Brazil.** Moreover, in all regions the development dynamics of the smaller countries are dependent on the development dynamics of larger neighboring countries (e.g. the development chances of Bolivia, Paraguay, or Uruguay on Brazil's development dynamics). This should be understood not as a plea against the efforts to alleviate worldwide poverty but as a plea for a more complex system of international cooperation.

5. **Support for projects geared to regional cooperation and integration** would have to gain in importance. In the

regions it would be possible to recover action potentials that have been lost at the national level (regional governance). The regions could at the same time develop problem-solving capacities that could be used to relieve frequently overtaxed global organizations (e.g. the UN; e.g. by developing regional conflict-regulation mechanisms in Africa). Regional cooperation (e.g. in MERCOSUR) furthermore strengthens the chances of developing countries to participate actively in giving shape to globalization.

**6. Fields for joint learning involving industrialized and developing countries** could grow in significance, enlarging the classical scheme of North-South transfers. Worldwide problem constellations (see diagram: "Globalization problems – problem types") that call for joint learning might, for instance, include: governability of megacities; approaches to linking competitiveness and sustainability; concepts for employment policies; forms of public-private partnership. A globalized and complex world offers better chances, and increases the necessity, to engage in joint search processes for best-practice methods (global knowledge management; "benchmarking processes," international learning communities). Development cooperation organizations could develop into important nodal points of transboundary networks in which solutions to common problems are sought. One important challenge of the future (for developing and industrialized countries alike) will consist in monitoring and focusing the knowledge available worldwide, rapidly learning from the experiences of other countries, and turning this know-how to account in solving practical problems. New information and communication technologies (like the Internet) are here opening up new horizons. Develop-

ment cooperation could be one of the driving forces of this process.

7. New forms of **public-private partnership** must be built up in development cooperation, since many environmental problems are not accessible to solution without the financial, organizational, and technological resources of (transnationally operating) corporations and the warning, control, and publicity functions of internationally active NGOs. It will be important to look into and test in practice the options that might be opened up by focusing and concentrating private- and public-sector potentials. The private sector, profiting as it does from globalization, cannot help but to be directly interested in having a stable global framework and a level global playing field. At the same time many reasons can be cited for appropriately involving the holders of private assets, e.g. via a minimal tax on international financial transfers (Tobin Tax), in covering the costs and addressing the task of giving shape to the process of globalization. It is important to strengthen internationally operating NGOs in that they may well constitute the core needed to develop an international civil society without which globalization is doomed to end up in crises of political legitimacy and problems of democratization.

*Development cooperation and global governance: new priorities*

1. Strengthening competitiveness (under consideration of ecological sustainability and full utilization of synergy effects between economic and social policy) and national technological competence in developing countries
2. Supporting partner countries in providing their own contributions to global governance
3. Focusing development cooperation with an eye to solving world problems (agenda of the most pressing world problems)
4. Further developing and enlarging cooperation with NICs and high-population countries on solving world problems
5. Intensifying support of regional integration projects (regional governance) and problem-solving capacities in the regions
6. Developing fields for joint learning between development cooperation, the private sector, and NGOs (focusing problem-solving capacities, strengthening mutual control, utilizing the potentials of market-, state-, and network-level governance)

- growing and intensifying spatial, temporal, and causal interdependencies in world society, leading to mutual dependencies between countries, regions, and groups of actors;
- unpredictability of success or failure, limited scope and risks involved in one-sided strategies in the political and business spheres geared to competition and achieving narrowly defined national interests;
- generally high uncertainty arising for all actors involved from the intrinsic dynamics of unregulated systems - like the international financial markets, the logic of global locational competition, or technological development;

may prove conducive to a cooperative global governance project. One other thing that is certain: the alternatives to a cooperative global governance system (insulation; renunciation of the benefits involved in taking a hand in shaping the globalization process; hope for a prudent world policy on the part of the hegemon USA) are not viable.

**Germany** is not only "affected" by globalization, it is itself a weighty global player with options of its own. This is all the more true of the **European Union**, which, due to its economic might, its emerging single currency zone, the size of its internal market, and its technological potential, can play a leadership role in the process of developing a viable global governance architecture. With its accumulated supranational (positive and negative) experiences (policy coordination, multilevel policies, gradual replacement of national views by European ones) which could play a crucial role in solving world problems, the EU is the world's most advanced regional integration project. There are good reason to believe that the USA, in its prac-

## 6 Is global governance a realistic perspective?

States are at first naturally not enthusiastic about any curtailment of their autonomy by multilateral rule systems. But if states want to avoid seeing the costs of their autonomy ambitions grow without end (increasing policy failure in the face of transboundary problems), they will have no other choice than to accept restriction of their autonomy through principles, standards, rules, agreed-upon procedures.

It is the insight into the

ticed and internalized role as superpower and "world policeman", will find it much more difficult to promote any cooperative global governance project.

The future social and ecological shape given to the EU's economy and external relations will have decisive effects on the direction taken by globalization. What, then, would speak against a protagonist role for the EU and an active commitment on the part of the leading European power Germany in the direction of global governance?

In the medium term "visions," scenarios of possible development paths, are needed to initiate changes and structural reforms. The model of "global governance" constitutes a frame of reference that might be used to develop institutional innovations geared to strengthening political governance capacity and solving the future problems facing the world. There are a great variety of particularist interests and power blockades operating counter to any development of this kind. But: models that become more fascinating in the course of the political process, gain the power to guide action, can also influence the dynamics of global policy.

One current example of the power of ideas and models is that an untiring international expert community has succeeded in the course of recent years in lodging in the minds of people the notion that CO<sub>2</sub> reductions are essential to solving worldwide environmental problems. An in fact positive development has been set in motion here (e.g. the first steps toward CO<sub>2</sub> emission reduction processes in connection with the climate conference in Kyoto). In other areas (e.g. international financial markets) no success has been met with (as yet) in breaking up the worldwide dominance of tendencies working in the direc-

tion of deregulation strategies and a renunciation of public policy, although it is by no means certain that the distributional effects and adjustment constraints set in motion by the climate agreements (for the powerful industrialized countries as well) will be of less import than, for instance, the introduction of a Tobin-type tax.

The success of global governance thus depends on whether policy and scholarship succeed in pointing clearly to the essential significance of this future project for peaceful development within world society and as a means of preventing a "disempowerment of policy." Willy Brandt's *Ostpolitik*, Nelson Mandela's policy of reconciliation, the political integration of Europe following two devastating world wars were also visions that at first seemed far removed from reality.

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## Old Wine in New Skins

### Some critical comments on the UNDP Reports

I must preface my critical comments with the remark that in 1990 I euphorically welcomed the first **Human Development Report** (HDR). For me, the initial criticisms of the design of the **Human Development Index** (HDI) were statistical quibbling, and I regarded any faultfinding with the concept **Human Development** as low blows from people who saw in the HDR an unnecessary and irksome rival to the World Bank's **World Development Report** (WDR), until then the Bible of international development policy.

I welcomed the HDR because it concurred with my own understanding of development, now giving it the blessing of a weighty UN organization. We (i.e. the **Foundation and Institute for Development and Peace**) not only milked the HDRs' statistics for our *Global Trends*, we also conveyed the arguments and messages the reports contained. And indeed, the cooperation between UNDP and Foundation grows out of a programmatic affinity.

So I am not an ideological fundamentalist like many others in the development-science community, who have for the UNDP Report no more than a pitying smile. I am, rather, critical of immoderate claims to originality, of unfledged index designs and major data gaps, of inconsistent arguments and illusionary goal projections. I will explain why I have turned from an apologist to critic, though, be it said, I am still not a fundamental critic.

The eight HDRs that have appeared to date deal with a broad spectrum of sub-

jects. UNDP's position is in many cases worthy of discussion. I will have to restrict myself to a limited number of points that seem particularly important to me and concentrate on the question whether **human development** is more than old wine in new skins. I will sum up my reflections in eight theses.

### Thesis 1

UNDP's claim to have offered in its **human development** concept a new development paradigm ignores ideas already conceived by others, flouting a commodity fetishism that it imputes to the World Bank, from which, however, the latter is in fact far removed.

The first lines of the first HDR, which appeared in 1990, started out with a critique of the overestimation of economic growth as a measure of development. In 1990 such criticism was still topical, though it had long since ceased to be novel, having, since the 1970s, constituted a key component of the so-called "critical theory of development," which of course did have a tendency to veer off into undifferentiated criticism of growth.

The blanket indictment, obviously formulated with an eye to the World Bank, that since the end of the Second World War the rate of growth of per capita income has been held to be the 'single measure of development' does justice neither to the World Bank nor to the academic brotherhood of development economics. What we see here is the construction of a bogeyman. One of the pioneers of development economics, **Arthur Lewis** (1955: 420), underscored over forty years ago:

*"The advantage of economic growth is not that wealth increases but it increases the range of human choice - the case for economic growth is that it gives man greater*

*control over his environment, and thereby increases his freedom - economic growth also gives us freedom to choose greater leisure."*

As we will see, this sentence already contains the quintessence of **human development** as it is understood by UNDP. Why is it that he was not included in the hall of ancestors of philosophers and classics of political economy whose precepts on the meaning and purpose of economics are used by UNDP to ground its ethics of human development?

UNDP Administrator **William H. Draper III**, in a foreword to the first edition of the HDR, extolled the rediscovery of the *"essential truth that people must be at the centre of all development."* This credo was not only part and parcel of many a socioethical declaration of principles of ecclesiastical provenance, it was also already to be found in many UN documents. The famous 1974 **Cocoyoc Declaration** began with the sentence that the only possible concern can be to develop people, not things. Thinking on development prior to the appearance of the HDR was not so inhuman at all. One can hardly help contradicting the blanket indictment. Those who step on other people's toes run the risk of being kicked.

What was spectacular about the HDR was that the most important UN organization in the field of development seized upon such ideas, focusing them into a critique of the neoliberal project and its agents, the powerful Bretton Woods institutions. It was not so much the development-related **theoretical** substance as it was the **development-policy**-related thrust that procured international resonance for the HDR - above all among those who now had a reference document for their criticism of the neoliberal project.

I am, be it said, certain that the HDR was unable to convert one single dyed-in-the-wool growth theorist. I also noted that many development experts in academic and political communities did not even take cognizance of it. As opposed to the World Bank, UNDP's problem is not only a financial one, it is an image and relevance problem.

## Thesis 2

The concept of **human development** claims theoretical originality for itself in the field of development, but it is more an omnium gatherum of set pieces from the world of the theoretical discourse on development, reshuffled and decked out with a new definition.

Anyone familiar with the debate over the basic-needs strategy conducted during the 1970s - initiated, incidentally, by the World Bank and conducted by its then director **Mahbub ul Haq** - cannot help but be tempted to substitute **social development** for **human development**. In the indicator discussion conducted by UNRISD, too, there were proposals that came very close to the design of and reasoning behind the **Human Development Index (HDI)**. The HDI centers on social indicators (namely, life expectancy at birth and rates of literacy and school enrollment), which were earlier used as core indicators of **social development** (see **Nohlen/Nuscheler 1992**).

The HDR team, headed by **Mahbub ul Haq** and **Inge Kaul**, nevertheless sought to differentiate their position from all conventional theories of development. The team accused the theories of the **formation of human capital** of viewing people merely as instruments and not as beneficiaries of the production of goods. It on the other hand blamed welfare theories for

treating people more as passive beneficiaries than as active agents of the development process. It faulted the **basic-needs strategy** - as did, incidentally, **Winfried Pinger**, a member of the Bundestag in the German debate over development - for having placed more weight on the provision of goods and services than on the creation of capabilities and choices.

And what is new and distinctive about **human development**? The answer of the HDR project team is:

*Human development, by contrast, brings together the production and distribution of commodities and the expansion and use of human capabilities. It also focusses on choices - on what people should have, be and do to be able to ensure their own livelihood. (HDR 1990: 11)*

This goal definition is a definitory masterpiece with literary quality. The only bothersome thing about it is its claim to be at odds with everything that has even been thought in development theory. An African critic (**Yash Tandon** 1996) accused the HDR team of merely exploiting the edifice of development theory as a quarry, picking out of it what suits its needs, but ignoring, or indeed caricaturing, argumentative contexts. Thus it is that the position asserting its difference from the basic-needs strategy overlooks the fact that the latter was by no means keyed solely to governmental support for groups of the poor but aimed, also and precisely, at enabling these people to help themselves (i.e. at forming capabilities and widening choices) (see **Nuscheler** 1982).

**Mahbub ul Haq** had already said much of what he said and wrote as the head of the first HDR team in his book on the "Poverty Curtain," written while he was still director of the World Bank. I found what he wrote back then reasonable. And I

can find again, particularly in the 1997 HDR, much of what he and other pioneers of development theory - such as **Dudley Seers**, **Paul Streeten**, or **Gunnar Myrdal** - were writing back then as arguments for the alleviation of poverty. Nearly every idea has already been thought. So why does the HDR act as though it had reinvented the wheel of development theory, created a new development paradigm by thinking up a new term?

### Thesis 3

UNDP uses the World Bank as the punching bag of its growth critique, though it has more in common with the World Bank than it would like to think. UNDP's growth critique evaporates in a sham ends-means conflict, one that furthermore deflects our attention from the imperatives of **sustainable development**.

It is true that the World Bank continues to use per capita income as a key indicator of a given country's level of development as well as to form country groups. It continues to use per capital income as a primary measure of development, but has long since stopped using it as "the sole measure of development," as is insinuated by the 1990 HDR (p. 104), hidden among "technical notes." The 1996 HDR (p. 1), however, noted that "more economic growth, not less, will generally be needed as the world enters the 21<sup>st</sup> century".

What's the difference? UNDP likes to see it in the purpose of growth: whether the latter is seen as the goal of development or as a means of widening choices. But it simply is not possible to use this differentiation of means and ends to distinguish between good growth and bad growth - and to reserve the good cause for one's self (see **Ravallion** 1997).

Anyone who compares the 1990 HDR with the 1990 WDR, focusing on "poverty," will find it difficult to discover a contrasting program between these two reports. Both call for more growth as a means and as a goal of poverty alleviation. The means-ends conflict turns out to be a sham conflict, one that in addition diverts our attention from the important questions raised by the imperative of **sustainable development**.

Under the pressure of the public criticism the World Bank responded more sensitively to the Rio agenda than UNDP, which was more concerned with the agenda of the Copenhagen World Social Summit. But what is needed to secure the future is a synthesis of social and ecological development. The 1992 HDR did, it is true, announce an ecologically chastened HDI, but it has until now not kept its promise. Here, as in the case of the **Political Freedom Index** (PFI), what we are confronted with is not only the data problem but the far larger methodological problem of aggregating different structural and process indicators. But why is it that the HDR team fails to think before announcing intentions and awakening expectations?

Once it has been noted (correctly) that more growth is needed to supply a growing world population with vital goods and services, we run up against an incongruity in the index designs. It might even be possible to argue about whether, in calculating the HDI, PPP, i.e. real purchasing power per capita, should not be more strongly weighted as a potential variable than the two other social components that go into its making (i.e. life expectancy at birth and the rate of literacy and school enrollments). But that fact that both the **Capability Poverty Measure**, which aims not to measure

income-related poverty but to detect the lack of means required to develop human capabilities, and the HPI (**Human Poverty Index**) set up by the HDR in 1997, wholly disregard PPP as a potential variable is simply injudicious.

The HPI defines an "inadequate living standard" with the aid of three variables: access to health services and clean drinking water and the share of undernourished children under five years of age. In indicator theory the three social indicators are as a rule subsumed under the "key indicator" life expectancy at birth. The HDI does of course use and justify it as such. Where are we here to see the gain in knowledge over the HDI? Is it not the case that the latter is not only differentiated by the HPI but more or less depreciated as UNDP's actual innovation? These are not rhetorical questions, they are inquiries directed to the address of the designers of the HPI.

Per capita income or PPP alone is not sufficient to measure poverty or prosperity, but is it is, like it or not, the potential that opens up choices and is seen in the grounding of the HDI as an "indirect indicator of capabilities and potentials." The line of argument advanced by the 1997 HDR (p. 18) is therefore somewhat inconsistent, i.e. that private income "*could not be an adequate indicator of an individual's economic facilities, which also include crucial public services (such as health care arrangements and a safe water supply).*" Why, if I may ask, is it then that the HDI does not refrain from measuring income poverty by means of real purchasing power (PPP)? Was it not supposed to indicate choices and accesses to public goods and services? I see here a lack of logical consistency between the different index designs. The answer given by the HDR 1997 (p. 20) is not convincing:

*"The availability of GNP measures does not obviate the need for an income-based poverty indicator, nor does the HDI measure eliminate the need for an HPI."*

#### Thesis 4

The HDR criticizes the market-oriented approach and the sociopolitical impacts of neoliberalism, but was unable to evade entanglement in its cultural hegemony, which finds expression in the HDR's individualistic image of man. "Freedom of choice" belongs to the credo of liberalism.

The definition of **human development** as a "process of widening people's choices" links two strategic goals of development: the formation of capabilities and the utilization of these capabilities for purposes that serve human development. It is possible to rediscover in this definition, above all in its focus on widening choices, the individualism cultivated in liberalism (see **Wohlmuth** 1990). "Freedom of choice" is the title of a famous book by **Milton Friedman**. Between "freedom of choice" in the credo of liberalism and the definition of **human development** as the "process of widening people's choices" there is an underlying anthropological consensus.

The basic liberal consensus reflected at the same time in the international declarations on the universality of human rights is a ramification of the triumph of the West, of its economic and social model. I must ask myself, though, how homo oeconomicus, in pursuit of choices, happiness, and self-fulfillment, can be expected to develop solidary patterns of thought and behavior and how the world community is to summon up concrete acts of solidarity without the regulative ideas of justice and solidarity demanded of it by the HDR to overcome poverty in the world. Its proposed solutions look to a "social-demo-

cratic consensus" à la Brandt Report, which has in the meantime been overrun by the neoliberal turn of events.

It seems as though the HDR team refrained from thinking too deeply about the image of man on which its **human development** concept is based. Its attacks on neoliberalism conceal the fact that the answers to its big question, "what people should have, be, and do to be able to ensure their own livelihood," do not differ in any fundamental way from the answers provided by the World Bank. True, UNDP, which plays no more than a marginal role in international development policy, is seeking to use the HDR to build up its image vis-à-vis the powerful World Bank, but it fails to get beyond the underlying liberal consensus. It is not so much that this is deserving of criticism as that it is in need of explanation when the concern is to ground an alternative to the neoliberal project.

#### Thesis 5

It is not only in their selection and justification of important indicators of **human development** but also in their value judgments that the UNDP Reports are inconsistent. The political pressure to which a UN organization is exposed, forcing it into diplomatic compromises, has impaired the credibility of the HDR project.

I look in vain for argumentative consistency above all in the 1996 HDR, which critics regard as the weakest Report of all in theoretical and analytical terms (see **Tandon** 1996). Under the impression of the surges of growth and development in East and Southeast Asia - and doubtless under the diplomatic pressure of the regimes there - this Report revised not only its critical position on growth but also the professed commitment to political freedom

encapsulated in its **Political Freedom Index** (PFI).

This lapse from the faith is to be found above all in the 1996 HDR, which cites China as evidence that economic growth and **human development** can harmonize - in the process forgetting everything that earlier Reports had said about the tandem of human development, freedom, and sustainability. This political kowtowing to the regimes in East and Southeast Asia, which link ecological ruthlessness with "Asian values," i.e. repudiation of the universality of human rights, has heavily damaged the credibility of the HDR project.

Even if we take into account the political pressure to which a UN organization is inevitably exposed, this *carte blanche* for a dictatorship, following the declaration of principles in the 1990 HDR, is incomprehensible: "*Human freedom is vital for human development.*" What, then, is this normative principle supposed to be worth? Will all political value judgments now have to be suspected of being framed with an eye to diplomatic niceties? Here the HDR is losing its power of conviction and credibility for groups of civil society, for whom **human security** means precisely the indivisibility of political and social human rights.

Incidentally, this normative concept of **human security** amounts to a real innovation in the scholarly discussion on peace and development in that it reduces to one common concept freedom from political repression and freedom from existential privation, at the same time extricating the concept of security from its narrow military context. But why is it that UNDP had to depreciate it again by making reference here to the "model" of China? This incon-

sistency in a core area of **human development** annoys me.

## Thesis 6

What earned for the HDR its greatest international respect is at the same time a point on which it stands accused: the HDI's design. What would, however, make more sense would be to level criticism at the inflationary use of indices that have not reached the state of methodological maturity, stand on unsafe ground, and rely in part on completely obsolete data. UNDP seems to have an index mania.

I found convincing **Paul Streetens's** assessment (1994: 235) that the HDI, while displaying analytical weaknesses, all the same revealed even greater weaknesses on the part of other indices. The HDI uses two social indicators to which indicator theory assigns a key strategic function with repercussions for all other areas of life (see **Addicks** 1977: 331). One of the reasons why **Paul Streeten** defended the HDI was that its mean values say more about the distribution of resources than does average per capita income. With the two social indicators, it is not possible for a small minority to substantially raise the mean values, which is possible with income distribution.

Of course the HDI, too, fails to solve either the methodological problem of an adequate weighting between its three sub-components or the fundamental problem of the reliability and comparability of the data. It raises the claim to an objectivity and reality of living conditions that, thanks to its precarious data situation, it simply does not have. And for this reason its country ranking, which has earned it a lot of political turmoil, is highly problematical. With the CIS states the social indicators, based as they are on data from the

1980s, veil the immiseration of broad segments of the population in the 1990s, a process that has already been termed "tiersmondization."

The mathematics done by any such rating can only be as good as the data on which it is based. A comparison of the data used by the HDI with the data published by the World Bank in its **Social Indicators of Development** awakens more doubts than confidence. It is of course not as though the World Bank had completely ignored the social and ecological dimensions of development. The data compendia for **Social Indicators of Development** or **Women in Development** make it difficult for UNDP to gain a profile as a social think tank in the UN system. The World Bank not only has far more money, it also has more analytical and statistical competence - in all areas relevant to development.

The different issues of the HDR have sought to employ disaggregated indices to diminish the problem of mean values which level out the disparities between town and country, social classes and genders. This attempt was highly meritorious and awakened great expectations in all of those concerned with the distribution problem. One particularly meritorious aspect was the design of the GDI (**Gender-related Development Index**) and the GEM (**Gender Empowerment Measure**), both of which attempt to depict the disparity between the sexes and measure their different chances of advancement in industry and politics. Both indices demonstrate, for instance, that equal opportunity is not a question of income levels - which further diminishes the informative value of per capita income as a measure of development.

But what irritated me, having gone through eight HDRs, was the constant

tinkering with new indices, which, instead of being improved step by step, have, in part, been abandoned as soon as design or data problems emerged. You need some statistical knowledge and sophistry to make out the differences between HDI, HPI, and CPM (**Capability Poverty Measure**), between the GDI and the GEM. Even experts have to look hard to find the advantages of and catches to the individual indices. The ordinary consumer has a need for clarity and simplicity - and falls back upon the WDR. It would also be far more important to eliminate the many blanks than to offer more and more new indices with more and more blanks. This inflationary proliferation has diminished the value of the HDI's innovation.

## Thesis 7

The 1997 HDR on the one hand announces and justifies a message significant in terms of development theory and policy, forcing the neoliberal project to rethink its line of argumentation: that growth and distribution do not exclude but condition one another reciprocally.

The empirical proof can be found in the history of today's industrialized countries, but also in the success story of the East and Southeast Asian NICs. The "tigers" from the Far East have not only achieved high growth rates and major surges of industrialization, they have also, thanks to an active social and distributional policy, diminished poverty, developed, by selectively investing in the fields of education and health care, the human capital needed for development, and have also, as a side-effect of poverty alleviation, been able to lower population growth into the bargain.

The HDR infers from this success story the following generalizable precepts:

- One-sided promotion of markets and growth does not improve the lot of the poor as long as it is not combined with a distributional policy that seeks to mobilize groups of the poor as growth and development potentials.
- A combination of promotion of growth and social policy is not only an ethical imperative, it also makes economic sense.
- Poverty alleviation does not at all mean doing without growth, it means "growth from below," because it is only by means of an active social policy that groups of the poor are enabled to produce, and to consume, more. Poverty reduction triggers growth impulses because it, in improving education and health, increases human productivity, the willingness to take risks, and mobility.

The problem with this line of argument, which was likewise developed in the 1970s to justify the basic-needs strategy (see **Nuscheler** 1982), is to be sought in the generalization of the success story of the Far East. And it was made possible by specific conditions that cannot simply be transferred to other regions of the world. This is why any attempt to derive prospects of succeeding in eradicating poverty throughout the world from the success of a "dozen developing countries" is a questionable endeavor.

## Thesis 8

The 1997 HDR, on the other hand, constitutes an embarrassment in the field of development affairs. I regard its thesis that there exists a "practical possibility," with a few billions of additional development assistance, to create a world without poverty not even as a concrete utopia, I see it as a dangerous illusion. More realistic is

the goal set by the OECD of halving poverty by the year 2015.

This illusion in view of a growing world population and ever-scarcer resources, particularly in poverty regions, is counter-productive in terms of development policy as well, because it is not suited to take the wind out of the sails of the attacks on poverty alleviation - e.g. on the part of the German development ministry's Scientific Advisory Board. The Advisory Board had noted just prior to the Copenhagen World Social Summit:

*"But it was and is clear to everyone familiar with the subject that it lies beyond the scope of development cooperation to engage in poverty alleviation, effectively and globally, for billions of people, particularly in view of persistent population growth."*

Nota bene: The issue here was not the elimination but the alleviation of poverty. The Advisory Board disputes the competence of anyone who commits himself to this allegedly illusionary goal of poverty alleviation. But the 1997 HDR sets its goal even higher - a goal so high that it is bound to overtax even the "principle of hope."

I have therefore recommended to the Catholic relief organization MISEREOR that it not use arguments from the 1997 HDR to underpin its planned 1998 campaign "The Poor First," because not even the "noble souls" in church relief organizations should seek to fob off their donors with illusions. I instead recommend to the NGO's to concentrate all of their energies on achieving the goal set by the OECD (1996) of halving poverty by the year 2015. It would be a great success if even this goal could be achieved. And the OECD countries would have to do far more than they are presently willing to do in view of shrinking development budgets.

They would, for instance, at least have to implement the "20/20 Initiative" propagated by UNDP and acclaimed by the Copenhagen World Social Summit. But they are as yet more or less far removed even from this modest target set by them themselves.

One can set morally desirable goals so high that they remain beyond any realistic bounds, thus losing any action-orienting power that they might otherwise have had. It is unfortunate that the 1997 HDR was, as it seems, bent on confirming the prejudice that it is not worthwhile to read the UNDP Reports; unfortunate as well in that in this way important knowledge on the interaction between growth policy and distributional policy could end up being ignored.

## Summary

I have already, several times, indicated that I share, or shared until 1997, the ambivalent position held by **Paul Streeten** (1994). While addressing some criticism toward the HDRs, he still defended them as valuable in an overarching sense. It is for this reason that I cannot share the sharp criticism of **Yash Tandon**, which culminated in the accusation that UNDP takes the part of a policy that toes the line of international capital. For me, its submission to political pressure from Asia is a more obvious point.

And what is left of the achievements of the UNDP Reports and the **human development** concept? They did not reinvent the wheel of history, though they have realigned some of its spokes. **Human development** is more than some potpourri cobbled together from a variety of set pieces, trimmed with pretty figures, as **Yash Tandon** sarcastically commented; but it is not a new and consistent development paradigm, either: i.e. in fact old wine

in new skins, though the latter have been relabelled. But sometimes even new packaging can draw more attention to old contents.

The great achievement of the eight HDRs that have appeared to date is to have procured, once again, more weight in international development policy for the social human rights and the primacy of poverty alleviation that have flowed into the HDR. The action program adopted in Copenhagen was also a success for UNDP. This impact of the **human development** concept should not be underestimated.

In spite of the 1997 HDR, worthy of criticism as it may be, I remain a critical sympathizer, and continue to demand of my students that they read the HDR on top of the WDR, because the former constitutes a normative corrective, providing illustrative material on the methodological problems involved in index design. Unsolved problems are often more instructive than successful solutions. This, however, is true only of the academic playground, not for development policy, which is concerned with life and death.

We shall have to persist in the search for a new development paradigm, because **human development** has yet to conclude this search process. But it has at least set up a few signposts. Here I mean above all the new, heightened view of social development - both as an imperative of social human rights and as a means of widening peoples choices as the quintessence of development.

I will, however, have to except the most recent Report from this praise, in that it, with its projection of an intact world without poverty, went far beyond the goal of opposing to disaster scenarios an optimistic vision. It offered not only old wine in new skins but an illusion that fails to impart to

international development policy a realistic action perspective - and is therefore counterproductive. Why did UNDP squander its chance to win profile as an international pressure group for the DAC goal? Anyone who wants to achieve political effects must see to it that he does not completely leave the ground of realities. Illusions do not solve world problems.

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## The position of development policy: a functional definition<sup>2</sup>

### 1. The shift in the significance of externally-oriented policy fields

The end of the East-West conflict, the advent of globalization, the challenges of the future that demand global solutions and the new position Germany is assuming in the world have led both to changes in the self-perception and a shift in the importance of externally-oriented policy fields (paradigm shift). Foreign policy, defense policy, and development policy are caught up to equal extents in a phase of redefining paradigms, fields of activity, and instruments. At the same time, the specialized ministries are expanding their international activities.

In the field of **foreign policy**, paradigms such as Western orientation, German unity, and détente have been supplanted by new factors such as a united Germany's role in the world, overall European integration, crisis management in Europe and other parts of the world, and measures for flanking locational policy, in conjunction, for example, with strategies keyed to Asia and Latin America. New treaty-based systems of international relations are emerging. Europe is seeking a

focused dialogue with other regions of the world. In operational terms, the German Foreign Ministry has, in the framework of its equipment aid, developed new instruments such as democratization assistance and mine clearance. Humanitarian aid has more and more clearly become an instrument situated somewhere between political crisis management and reconstruction.

As far as **defense policy** is concerned, the *Bundeswehr* has grown out of its purely defense-related duties and now also engages in humanitarian missions and peacekeeping measures abroad, providing logistic support for military missions conducted by allied countries. There are also discussions underway on possible further-reaching fields of deployment, including the use of military force to secure ecological resources. Military cooperation with countries outside of NATO is being expanded.

In the field of **development policy**, Germany's perception of itself as an advocate of the economic and social development of the so-called developing countries, a perception which evolved in the shadow of the East-West conflict, is being overtaken by paradigms such as globally sustainable development or poverty alleviation. Development policy has at the same time also been assigned new tasks, *inter alia* in Central and Eastern Europe, in the fields of global environmental protection and promotion of human rights and democracy, but also as regards locational policy. Development policy, with its new emergency aid instruments, is becoming more heavily committed in the area of crisis management and is looking for ways to combine public sector and private sector involvement in the task of shaping

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<sup>2</sup> NB: This paper represents the author's personal opinions. It contains thoughts which the author presented at the beginning of 1998 at the *Stiftung für Entwicklung und Frieden* [Foundation for Development and Peace], University of Duisburg.

conditions abroad. German development policy has elaborated regionally differentiated strategies in keeping with the growing differentiation to be observed in its partner countries. In the interests of coherence, corrections are being called for in other policy fields as well as in global framework conditions.

The globalization of specialized policy tasks has resulted in the breaking down of foreign relations into different policy areas which are more and more being recognized as **specialized policies**. What we see here is the repetition of a process that has already taken place in domestic policy, whereby specialized tasks were gradually removed from ministries of the interior. In their external relations, the specialized ministries are building on their responsibilities and competence for specialized international organizations and treaties, while domestically they focus on their links to specialized bodies, to the legislature, as well as to lobby groups; these links enable them to implement internationally coordinated policies at home. The increasingly international nature of their functions finds expression in particular in the “world conferences”, as they are known, as well as in the development of global systems of standards and regulations.

The overall outcome of the shifts in paradigms, spheres of activity, and instruments shows that traditional categorizations no longer apply. Different instruments are used to pursue the same goals in different fields of activity. Instruments tailored to individual fields of activity are used to reach different goals. The connections and overlaps between various policy fields are increasing. The opportunities offered by synergy and coherence are countered by the risks

stemming from the work of one body being either duplicated or obstructed by another.

## 2. Some questions concerning the position of development policy

It is against this background that development policy and the German Ministry for Economic Cooperation and Development (BMZ) will, like other externally-oriented policy fields, have to redefine their place within the overall system of externally-oriented governmental activity. Any rational categorization of development policy and the BMZ in the overall system of externally-oriented policy fields requires answers to questions from the following three areas:

- The **first** issue is their **relationship to “foreign policy”** in the narrower sense, which shares development policy's interdisciplinary and external orientation, while at the same time differing from it fundamentally in terms of its fields of activity and instruments.
- **Secondly**, it is necessary to define their relationship to **specialized policy areas** that, on the one hand, have certain expectations as regards development policy and its instruments and, on the other hand, see themselves and their instruments confronted by expectations relating to development policy.
- The **third** concern is the **geographical mandate of development policy**, which is, on the one hand, faced by new challenges in Central and Eastern Europe and the former Soviet Union and, on the other hand, has been challenged in its very existence with regard to what are known as the newly industrialized countries (NICs).

In the past, **development policy** as a rule defined its **own role** and its position vis-à-vis other policy fields **primarily in normative terms**, i.e. based on the goals it pursued. In this respect, it differed from the **usual functional** role perception that applied in other policy fields. Thus foreign policy or economic policy was not defined in normative terms as peace policy or full-employment policy but primarily conceived in functional terms, in other words as the government-level formulation of relations with other states or as the influence exercised by the state on the economic order, process, or structures. The normative stipulations are made politically and have, in these cases, also found their specific fundamental expression in laws (e.g. Foreign Service Act, Act on Stability and Growth), which do not, however, prescribe fixed political targets.

It is important to investigate, against the background of the broad political discussion on the invigoration and the future role of development policy, whether a normatively expressed definition of its role will in the future enable development policy to adopt its proper place within the structure of other policy fields, which are defined primarily in functional terms.

According to the traditional normative definition, development policy was the process of **promoting the economic and social development of the so-called developing countries**. Such a limited concept of development policy neglects the enormous expansion in geographical, technical, and normative scope and interlinkage of the tasks to be dealt with, thus making development a **niche policy field which nevertheless makes maximum demands** in terms of responsibilities and unilaterally demands coherence from the other policy fields. The

same would apply all the more for any additional normative restriction of the self-perception of development policy to **poverty alleviation**.

But more recent normative conceptions of development policy as *the* policy of **global sustainable development** are equally ill-suited to defining development policy's position in the overall scheme. Such concepts of development policy as **world development policy** not only make unrealistic and exaggerated claims for development policy, they would at the same time also lead to other specialized policy fields losing their international dimensions, thus provincializing them. Moreover, a policy of global sustainability must also focus on (adverse) developments at home. It should also be noted that there are other policy-related tasks abroad that are not so easy to place in the context of global sustainable development (crisis prevention, emergency aid, human rights, etc.) or for which this goal can have only the character of a normative collateral condition (migration, safeguarding economic and security interests).

All purely normative approaches tend to look down on other policy fields, and their relationship to other goals and interests is an unclear one. Due to their normative constriction and the maximum claims to competence by which they are characterized, they are incapable of effecting any viable integration of development policy and the BMZ into the overall system of external policy fields. In the past, such approaches have led to problems of communication and coordination and tended to hinder development policy from positioning itself in its appropriate place.

Closely associated with the traditional normative self-conception of development

policy is a **teleological (goals-focused) understanding of the concept of development** itself is, whereby development is understood as further development, as a forward-moving process, one leading to a better state of affairs, the direction of which is already pre-defined by the term itself. A preordained definition of this sort is no longer possible, if only because of the current wide variety of different qualitative conceptions of development. The notion that the direction of development can be inferred from the fostering of the inherent aptitudes of the development subject also has its limitations. Firstly, there is the difficulty of precisely identifying what these aptitudes are and, secondly, there is the interdependent relationship between development and values and interests. Today, development must be understood conceptually as an open-ended process, a process whose direction can be influenced by goals and interests that must be formulated, both nationally and internationally, by means of the ongoing political discourse.

It no longer seems possible to categorize development policy in a rational way by defining its motives, goals, and interests; what is needed is careful **consideration of the function of development policy** within the overall system of externally-oriented policy fields. The core question is not, "What is the purpose of development policy?" but "**What is development policy?**" The goals and interests that development policy should pursue must nevertheless be defined through the political process and do not result from a functional definition of development policy's tasks. Only in this way is it possible to find answers that are also comprehensible to other policy fields

and that can be used by development policy and the BMZ to make an optimal contribution to the overall system of external policies.

If development policy and the BMZ themselves leave behind their **primarily normative self-conception** and start out by **defining their future role in functional terms**, i.e. in terms of their fields of activity and their instruments, they could become open for the broad range of Germany's goals and interests abroad and place their claims for functional competence and substantive responsibility on a new foundation.

### **3. Spheres of activity, instruments, and goals of external governmental activity**

The overall system of a country's external activity includes widely differing areas such as trade, investment, technology, migration, the environment, health, culture, and political and military power. The majority of the actors operating in most of these fields are private persons, firms, and institutions. **Governmental activity** in these fields is, in principle, concerned only with **two fields of activity**:

- contributing to the shaping of mutual relations between the countries concerned and
- contributing to the shaping of conditions in other countries.

Governmental activity in principle has both internally and externally oriented **instruments** which either serve to **regulate nongovernmental activity** or **themselves constitute governmental activity**:

#### **Externally:**

- diplomacy, including bilateral and multilateral treaties,
- cooperation,

- threat and use of military force.
- **Internally:**
- establishment of legal norms, including enforcement,
- financial and other promotion activities
- awareness-raising.

The **goals** of external policy are highly diverse and varied. They may be either immediate or intermediate goals, be located at home or abroad, and, like all political goals, be subject to change over time. The significance of fields of activity and the categorization and orientation of instruments change accordingly.

It is thus necessary to distinguish between the functional conception of external policy fields ( i.e. defined in terms of fields and instruments) and the goals pursued by them, which must be formulated politically. It is possible to pursue the same goal in different fields of activity, using different instruments. Equally, a field of activity or an instrument may be used to achieve different goals (**fungibility**).

#### 4. Functional categorization of development policy

##### 4.1 Fields of activity

As regards the **fields of activity** of externally-oriented policies, development policy and foreign policy differ to the extent that

- **foreign policy** in the narrow sense is tailored above all to shaping **relations with other countries** and
- **development policy** is above all tailored to shaping **conditions in other countries**.

Foreign policy's concentration on the aspect of relations is just as classic a characteristic of it as is the fact that

development policy is geared to changing the conditions in other countries, and thus diverges, to some extent, from the principle of non-intervention.

The major difference between the various specialized policies, on the one hand, and foreign policy and development policy on the other is that

- the fields of activity of foreign policy and development policy are interdisciplinary and externally oriented and
- the fields of activity of specialized policies and ministries are specific and geared above all to shaping conditions *at home*.

It is only in a secondary – and derived – sense that the specialized policy fields are concerned with helping shape **relations with other countries** in the specialist field concerned.

Where specialized policy fields operate abroad, their activities should therefore be seen as serving to influence foreign relations.

**Environmental policy** has a **special place** in the field of specialized policies. As a specialized policy, it is geared first of all to conditions at home and the corresponding relations to other countries. However, it differs fundamentally from foreign policy, development policy, and other specialized policies in that

- as **global environmental policy**, its field of activity also includes the conditions *in the global environment common to all countries* ("global commons") and, by inference, influencing the **"relations" of all countries to this environment**, which can itself not act in the capacity of a subject of international law.

Since the conditions in other countries are essential to their relations to the global

environment, and thus for the conditions pertaining to it, the relationship between development policy and environmental policy is one marked by an especially intensive reciprocity.

## 4.2 Instruments

As regards their **instruments**, foreign policy and development policy differ above all in that, in **their own individual spheres of official activity**,

- **foreign policy** is pursued in particular with the instruments of **diplomacy** and
- **development policy** is carried out in particular using the instruments of cooperation in **carrying out projects and programs** and in **influencing framework conditions in partner countries (political dialogue)**.

Foreign policy and development policy have therefore created entirely different organizations and institutions for realizing their objectives: in foreign policy these are primarily the diplomatic service and in development policy primarily the implementing agencies required to realize its projects.

As far as the **regulation** of externally oriented, **nongovernmental activity** and of domestic activity with an external impact is concerned,

- **foreign policy** uses in particular instruments aimed at administering and at establishing safeguards,
- **development policy** uses in particular instruments geared to **promotion and awareness-building**.

Foreign policy serves here chiefly to make nongovernmental relations possible and to influence them with a view to achieving a desired state of relations. Development policy, on the other hand, is keyed to influencing nongovernmental

relations with a view to achieving a desired impact in the partner country.

As far as the specialized policy fields are concerned, it is evident that their externally oriented instruments consist above all of a **reciprocal technical exchange** with other countries and the development of **systems of bilateral and multilateral technical standards and regulations**.

While transboundary projects, for example, are realized in what is foreign territory for each of the countries involved, the process is nevertheless directly concerned with shaping conditions at home. Development policy, on the other hand, promotes projects abroad that are initially concerned with changing conditions in the partner country itself and that without this support would not be realized at all – or at least not in the form envisaged by the promoting side.

**Defense policy** has a special position as regards its instruments. Its central instrument, the threat and use of **military force**, distinguishes it fundamentally from the **civilian instruments of foreign policy, development policy, and specialized policies**. Above and beyond the immediate field of providing for external security, defense policy can also be used to influence relations to and conditions in other countries, i.e. it can at the same time be employed to flank and complement civilian instruments.

## 4.3 Geographical mandates

The geographical mandates of the various externally-oriented policy fields do not follow immediately from their specific functions; they instead result from - politically formulated - goals and interests, the fields of activity affected by them, and the suitability of the individual instruments

involved. They are thus, fundamentally and in the intensity with which they are fulfilled, subject to a process of temporal change. The experience of the past years has made this particularly clear.

The geographical mandates of the various policy fields result in particular from the following presuppositions:

- **Foreign policy** today has a **geographically unrestricted mandate**, not least because nearly all countries are members of the United Nations. The intensity with which this mandate is fulfilled is nevertheless dependent on the significance that the respective relations have for the country concerned.
- The geographical mandate of **development policy** follows from the specific – politically formulated – **necessity of contributing to the shaping of conditions in other countries** and today includes practically all countries outside the EU, North America, Japan, and Australia and New Zealand.
- The geographical mandates of the **specialized policy** fields are derived from the **significance of external relations in that particular field for tackling national and global tasks**.
- The geographical mandate of **defense policy**, in terms of the threat and use of military force, is derived from the **specific political task** it is to fulfil, and usually comes into play in cases where the use of other instruments is regarded as either inadequate or inadequate on its own.

Against the background of global changes and challenges, we must today proceed on the assumption that externally-oriented policy fields have a fundamentally unrestricted mandate in geographical

terms. This is most significant in defense policy and development policy, which are abandoning their former self-imposed restrictions and assuming a global presence.

#### 4.4 Functional definition of development policy

Based on a delimitation of fields of activity and instruments vis-à-vis foreign policy and specialized policy fields, a functionally-oriented view of development policy and the BMZ would best be defined as follows:

**Development policy helps shape conditions in other countries** (its field of activity) with civilian means (its instruments). These instruments include above all the realization of projects and programs coupled with an active influence on the framework conditions in partner countries as well as influence on external nongovernmental activity by means of promotion and awareness-building.

On the basis of national goals and interests, development policy *defines* the **desired conditions in partner countries**, **regulates** the use of its **instruments**, and is accordingly **actively involved in shaping other fields of activity** and in the use of their instruments.

Development policy is thus an **autonomous policy field** that differs fundamentally from other external policy areas in terms of its field of activity and its instruments, whilst at the same time being committed to the totality of goals and interests.

Development policy becomes active in cases where it is politically desired and politically possible (whenever, wherever and for whatever reason) to influence conditions in other countries using civilian means. The scope available to

development policy also depends, of course, on its being at least tolerated by the partner. The type and extent of partnership must, however, again be assigned to the normative sphere. Here, it is a matter in particular of the significance of the partner's values and standards, goals and interests.

Combined impact of development policy and other policy fields

Growing globalization and interdependence both between regions and between specialized fields have led to a situation in which rigid categorizations of paradigms, fields of activity, and instruments are no longer possible. It must instead be assumed that all policy fields generally pursue, or at least take into consideration, the totality of goals and interests (**precept of mutual coherence**). It is thus not possible to delineate policy fields chiefly by categorizing fields of goals and interests, i.e. at the normative level; this must instead be done functionally in terms of fields of activity and instruments.

The need for functional cooperation between policy fields is apparent in a growing number of cases. In **Bosnia** it is foreign policy that is shaping relations between the parties involved and establishing the general international legal framework; development policy is using projects and programs in a great variety of sectors to foster a change in existing conditions; defense policy is being used to ensure the implementation of agreements by means of the threat and use of military force; and domestic policy (here in the concrete shape of refugee policy) is seeking to influence migration patterns using measures designed to encourage repatriation. In the field of **global environmental protection**, environmental

policy is framing international conventions intended to regulate ecological relations both on a reciprocal basis and vis-à-vis the global environment; development policy is influencing ecologically relevant behavior in other countries, for instance by means of projects and programs designed to implement the respective conventions. As far as **poverty alleviation** is concerned, development policy is used to influence the framework conditions in the partner countries, promoting projects and programs there; foreign trade policy is establishing trade preferences and market access for the countries concerned. As far as German **locational policy** is concerned, foreign trade policy is used to strengthen economic ties to other countries by means of appropriate conventions and guarantees; foreign policy serves to shape favorable political relations; development policy uses its instruments to work towards achieving favorable conditions in partner countries.

As an interdisciplinary policy field, development policy can combine different goals and interests at the regional level and pursue them in an integrated manner. In cooperation with other countries it is to this extent an especially efficient functional area, one that links country-related, instrumental, and technical competence.

## 5. Functional competences and ultimate substantive responsibility

The fact that the clusters of goals and interests are growing in complexity, straddling individual policy fields, i.e. cannot be pursued by one policy field alone, means that questions of **coordination** and **coherence** must be addressed. Mention should be made first of all of the German federal government as a collegial organ and the chancellor's power

to determine policy guidelines, the aim of which is to ensure an integrated political line. However, it is necessary to assign to the ministries certain competencies and areas in which they are to wield ultimate overall responsibility so that the relevant decisions can be prepared. As far as the functional tasks of policy fields are concerned, i.e. the areas for which they are competent, this was done above. Substantive goals and interests must then be assigned pragmatically, building on this foundation. The decisive criterion is thus the question which functional area can provide the essential contribution needed to deal effectively with a concrete task. Assigning a concrete task to a policy field means that the latter has ultimate responsibility for this task and will coordinate the corresponding activities of other policy fields. But this does not mean that these policy fields should be allowed to become the sole or dominant substantive task of the policy field in question. No policy field can claim for itself a priority for coherence or a special role as the sole cross-cutting field, since the majority of concrete priority-level tasks must be regarded as cross-cutting tasks (e.g. locational policy, environmental policy, security policy, crisis prevention, promotion of developing countries, poverty alleviation).

Against this background, the policy field of **development policy** should take on the following **functional competences** and **areas of substantive ultimate responsibility**:

- **Functional**: competence for all civilian measures (in particular projects and programs and political dialogue) that play a part in shaping conditions in other countries as well as for the

corresponding national and international events and institutions.

- **Substantive**: Ultimate responsibility for all substantive tasks that can primarily be tackled using means that stem from its area of functional competence, i.e.
- **geographically**: all tasks related to countries and regions that call above all for a contribution to shaping the conditions there; selection and specification of such countries; formulation of the goals and interests to be pursued in these countries;
- **specialized**: all specialized tasks in the partner countries and all specialized global tasks that chiefly call for contributions to shaping conditions in other countries, including the relevant international events and institutions.

As far as **functional competences** are concerned, the essential development-related instruments have already been concentrated within the BMZ. To them should be added in particular a number of competencies still scattered over various other ministries: European development policy, humanitarian aid, including UNHCR, UNWRA, and UNICEF, civilian equipment aid and democratization aid, and the European Bank for Recovery and Development (EBRD). But measures initiated for the benefit of German settlement areas abroad, in which it is in any case not possible to distinguish between Germans and partner country nationals, also fall within the functional scope of development policy. Instruments that do not fall within the scope of development policy are those used chiefly to shape relations with other countries, e.g. foreign cultural policy, including UNESCO, world trade policy with the WTO, or monetary policy with the IMF.

However, development policy must collaborate in these fields within the terms of its remit, e.g. when the IMF, by imposing conditions, influences circumstances in the relevant partner countries.

As far as **ultimate responsibility** for specific sectors is concerned, development policy has, in geographical terms, so far been assigned those countries known as developing countries. To this should be added responsibility for the NICs, to the extent that there is a need to help shape conditions there. The same should apply unreservedly for Eastern and Central Europe. Whilst further geographical tasks are not currently on the horizon, the possibility should not be rule out entirely.

As far as **specialized tasks in partner countries** are concerned, it is virtually self-evident that development policy should bear ultimate responsibility for the so-called developing countries. As regards NICs and the countries in Eastern and Central Europe, development policy must make it plain that it is ready and willing to integrate goals and interests stemming from other policy fields into its own field of activities.

As far as **specialized global tasks** are concerned, development policy has so far not been assigned any comprehensive ultimate responsibility for any one field. Some of these tasks primarily require the formulation of regulations aimed at influencing the international behavior of states and thus, because the aim is to influence relations, they fall within the scope of responsibility of the specialized policy field, e.g. in the fields of global climate protection or maritime law. Development policy plays a part in establishing these regulations and uses its instruments to actively participate in

implementing the relevant concepts (e.g. GEF, Montreal Protocol fund, CFC fund for Russia). In the future, development policy should be assigned ultimate responsibility for those fields that chiefly call for contributions to shaping the conditions in partner countries. This is already the case in the fields of desertification and poverty reduction. It might, for instance, also be possible to add the fields of world population, world food security, and water resources. The relevant world conferences should be placed under the responsibility of development policy, even though they may, in some subordinate areas, concern other policy fields. Conversely, development policy cannot assume specialized responsibility in places where it itself is concerned functionally only as one subordinate field among others, e.g. health, women.

The **paradigm of globally sustainable development** is conceived as an interdisciplinary and transboundary guideline for all policy fields. It requires measures both at home and abroad and in international relations. Due to its interdisciplinary character, its functional mandate abroad, and its practical orientation, development policy has a particular affinity to this paradigm. Its functional mandate at home is, however, essentially restricted to raising awareness, with the aim of using altered behavioral patterns to achieve effects in other countries. It also lacks the functional competence in cases where the behavior of other countries is influenced only via international rule systems, i.e. by the instruments of the specialized policy fields (e.g. the USA in the field of climate protection). Since the paradigm of globally sustainable development is tailored both to the conditions in other countries and at

home and to the conditions in the environment shared by all countries, development policy can assume ultimate substantive responsibility only in close cooperation with environmental policy.

## 6. Concentration on core development tasks

As far as the necessary concentration on core development tasks is concerned, the traditional normative approach must give way to a reformulated, primarily functional definition of development policy. The question can thus no longer be what contribution a task, an instrument, or a working unit can make, for example, in promoting the developing countries; rather it must first be asked whether the task falls within the functional domain of development policy, and then what contribution it makes to tackling the substantive tasks for which development policy bears ultimate responsibility. Development policy should thus generally **concentrate** on the tasks for which it can claim **functional competence** and **ultimate substantive responsibility**. It should collaborate in other policy fields only when this is necessitated due to it having ultimate substantive responsibility for the geographical or technical area concerned or where development policy can make valuable contributions to other spheres of responsibility (e.g. global environmental protection).

As far as **functional competence is concerned**, development policy's core task is to make available all civilian instruments needed by the German government to pursue its goals and interests in helping to shape conditions in other countries. Whilst there is scope for internal concentration and streamlining here, the handing over of individual instruments to other policy

fields is out of the question. The same applies for national and international development institutions.

As far as ultimate **substantive responsibilities** are concerned, the same applies for all tasks concerned with **countries and regions** (e.g. promotion of LDCs, tackling social and ecological problems in NICs, supporting the transformation process in Eastern Europe). Any concentration on priority countries, country groups, or regions and the goals and interests pursued there can, inevitably, only be one pursued by the German government as a whole. As soon as the German government perceives – for whatever reason – the need to contribute to shaping conditions in individual countries, these tasks must also be taken on by development policy. While development policy is responsible for selecting and defining its partner countries and formulating the goals to be pursued there, it must at the same time also take into account the totality of goals and interests. If development policy were to restrict itself to individual goals and interests, it would be abandoning one of its central strengths – the drawing together of different concerns at the regional level – and become another specialized policy area. Consideration could be given to concentration on, for example, countries and regions which, owing to their geographical location, economic or political significance, or relevance for solving global tasks in a particular field (e.g. poverty alleviation, environmental protection, population policy), are of particular importance to Germany in the pursuit of its goals and interests.

As far as ultimate substantive responsibility for **specialized tasks in partner countries** is concerned,

concentration would also be possible as a function of concentration on countries, goals, and interests, but it is not possible to hand these tasks over to other policy fields.

As far as **global specialized tasks** are concerned, efforts should be made to effect a concentration on what are, from the German perspective, the central issues of the future which at the same time call, to a significant extent, for a contribution to be made to shaping conditions in other countries. Development policy should only become involved in dealing with global specialized tasks that primarily concern global framework conditions and/or can only be solved by establishing international standards and regulations to the extent that this is fundamentally important to development policy's geographical and specialized responsibilities and if a reasonable degree of success may be expected.

Any reflections regarding concentration on functional and substantive core tasks in the field of development policy must be distinguished from the BMZ's necessary concentration on **core ministerial tasks**. Yet it goes without saying that the BMZ must, above all, deal competently with its sphere of functional competence and the fields in which it bears ultimate substantive responsibility. The BMZ should therefore, in functional terms, be in a position to at least

- integrate the various goals and interests pursued by Germany in its efforts to shape conditions in other countries by establishing coherent and goal-oriented strategies that are either country-oriented or, in sectors where the BMZ has ultimate responsibility, of a specialized technical nature
- effectively implement these strategies by using its instruments, in particular

by promoting projects and programs coupled with the task of influencing the framework conditions in its partner countries.

Tackling this core functional task of development policy also involves managing of the relevant national and international institutions. However, functional and substantive tasks may be handed over to these institutions only to the extent that this would not impair ministerial competences and responsibilities.

## 7. Final remark

This attempt to define the position of development policy in functional terms is intended as an aid to structuring the ongoing debate in this time of shifting development paradigms. It is not a plea for development policy to abandon its goals. Values and standards provide the essential foundation and framework for a democratic state ruled by law to pursue its goals and interests. Development policy should see its functional task as the formulation, focusing, and implementation of the whole range of these goals and interests with an eye to its specific field of activity – the conditions in other countries.