



# American Power & Global Development\*

America and the World: Ethical Dimensions to Power

Eckerd College

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# Globalization: America's role in the world

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- Globalization is a double-edged sword
- There are a multitude of risks
  - Terrorism, WMD proliferation, Iran, and North Korea
- Is America using its power effectively to reduce risks and guarantee a better world?



## Managing the globalization game

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- In today's global system, we need effective states to play the game with us:
  - To rescue failing states and prevent state failure
  - To manage post-conflict reconstruction
  - As partners (new emerging powers such as Brazil, China, India) on globalization's challenges



# Development and power: the paradox

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- Military hegemony or “hard power” is not enough
  - It does not address the development challenge: state-building and partnerships with emerging powers
- Pre-eminent market power discourages
  - Multi-dimensional and collaborative approaches

# Soft power strategy: rhetoric but not reality

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- 2002 National Security Strategy
  - Development, along with defense and diplomacy, was recognized as a key pillar of U.S. national security



THE WHITE HOUSE  
WASHINGTON

*“A world where some live in comfort and plenty, while half of the human race lives on less than two dollars a day, in neither just nor stable. Including all the world’s poor in an expanding circle of development—and opportunity—is a moral imperative and one of the top priorities of U.S. international policy”*

*-- 2002 National Security Strategy*



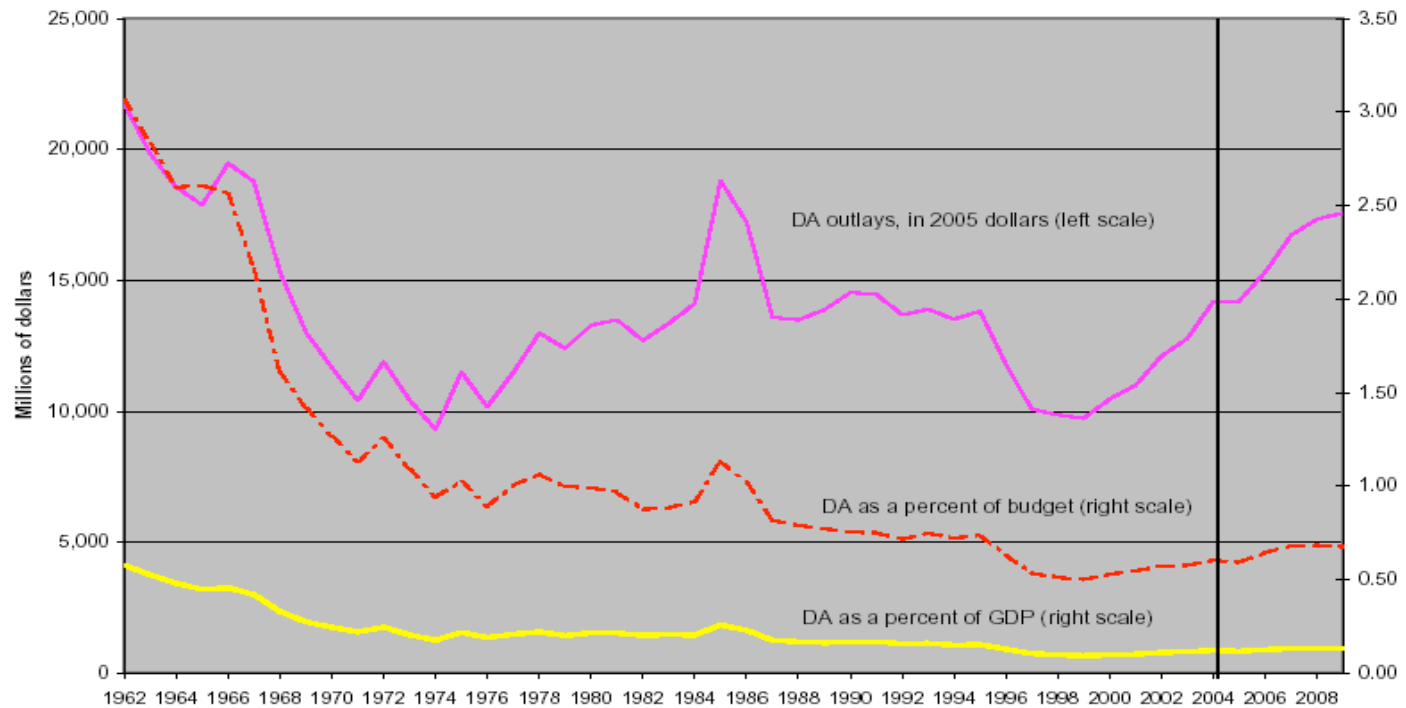
# What is the problem?

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- Four failures of America's "soft power"
  - 1) Development assistance
  - 2) Development "friendliness"
  - 3) Approach toward weak states
  - 4) U.S. leadership in global institutions

# 1. Development assistance (foreign aid)

## United States Development Assistance (DA) Outlays, 1962-2009

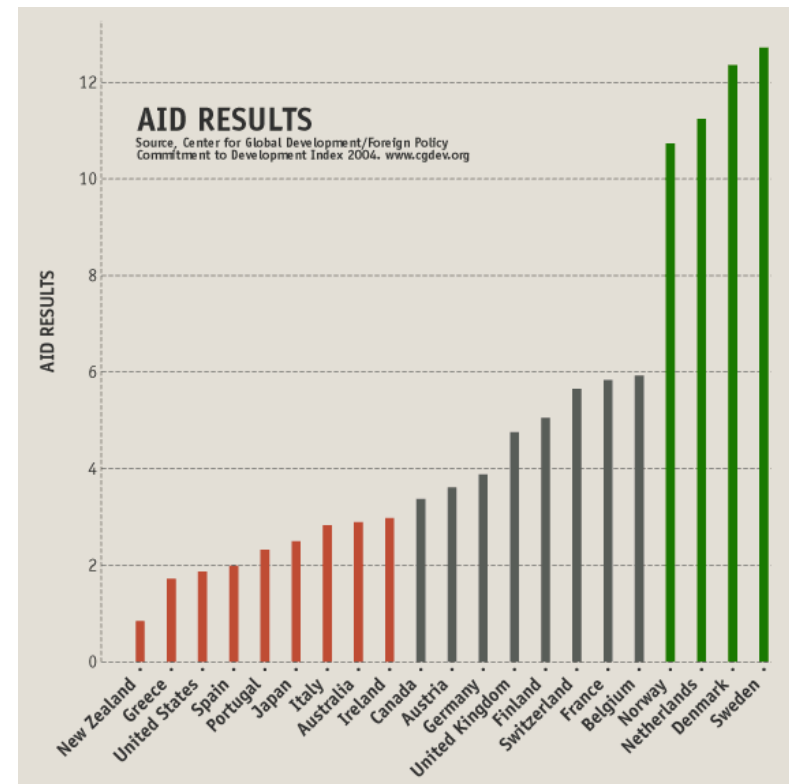


1/ Development Assistance excludes Iraq spending for 2003 onwards.

Sources: Congressional Budget Office; authors' calculations.

# Aid malaise

- Aid budget still low
  - In per capita terms, US is 21<sup>st</sup> of 21 OECD members
- Mismatch (FY06)
  - Defense: \$419 bn
  - Intn'l affairs: \$33.6 bn
  - Development assistance\*: \$16 bn
- Fundamentally unilateral in spirit
  - MCA, HIV/AIDS



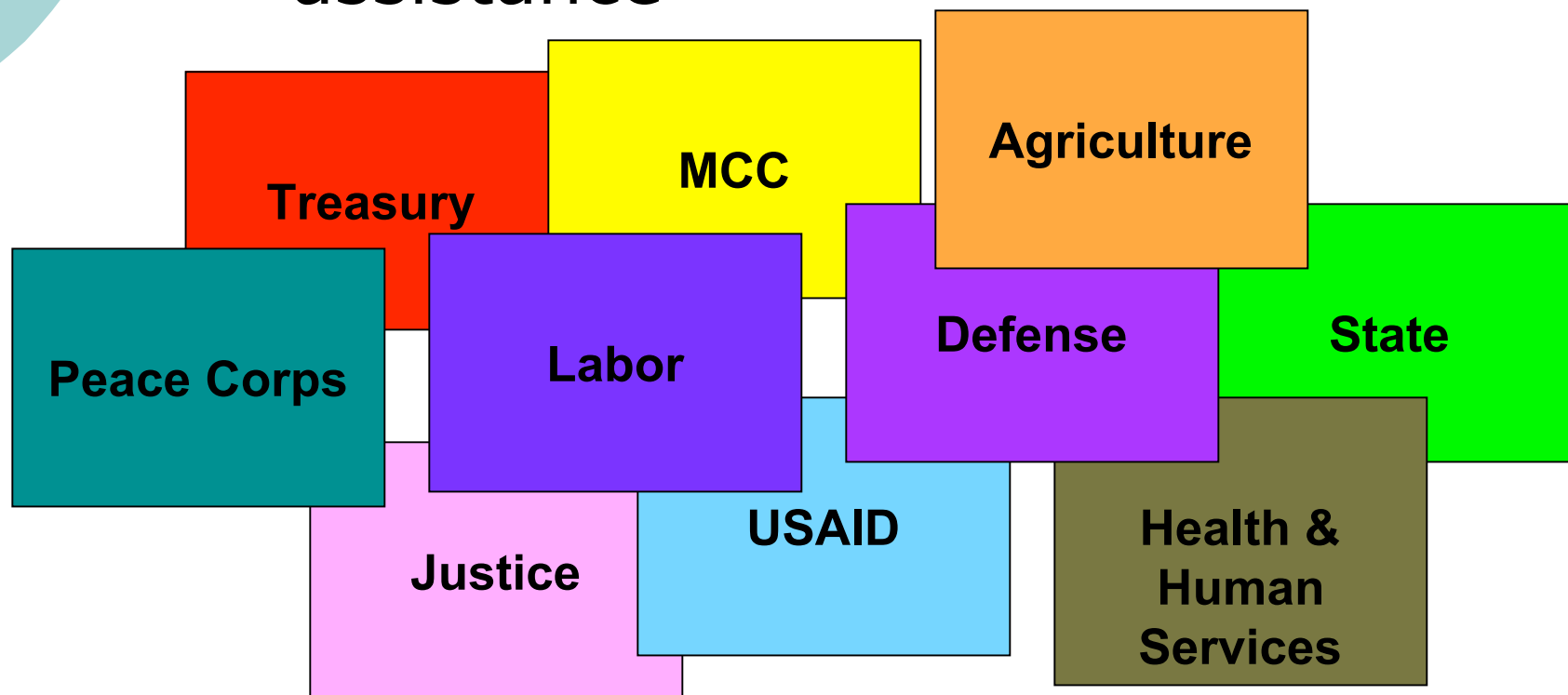
\*Excluding reconstruction spending on Iraq and Afghanistan.



# Aid malaise

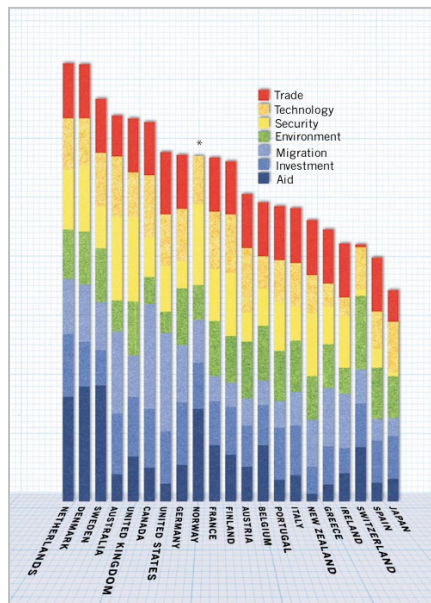
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- There are more than 16 agencies involved in the delivery of foreign assistance



## 2. Beyond aid: development friendliness

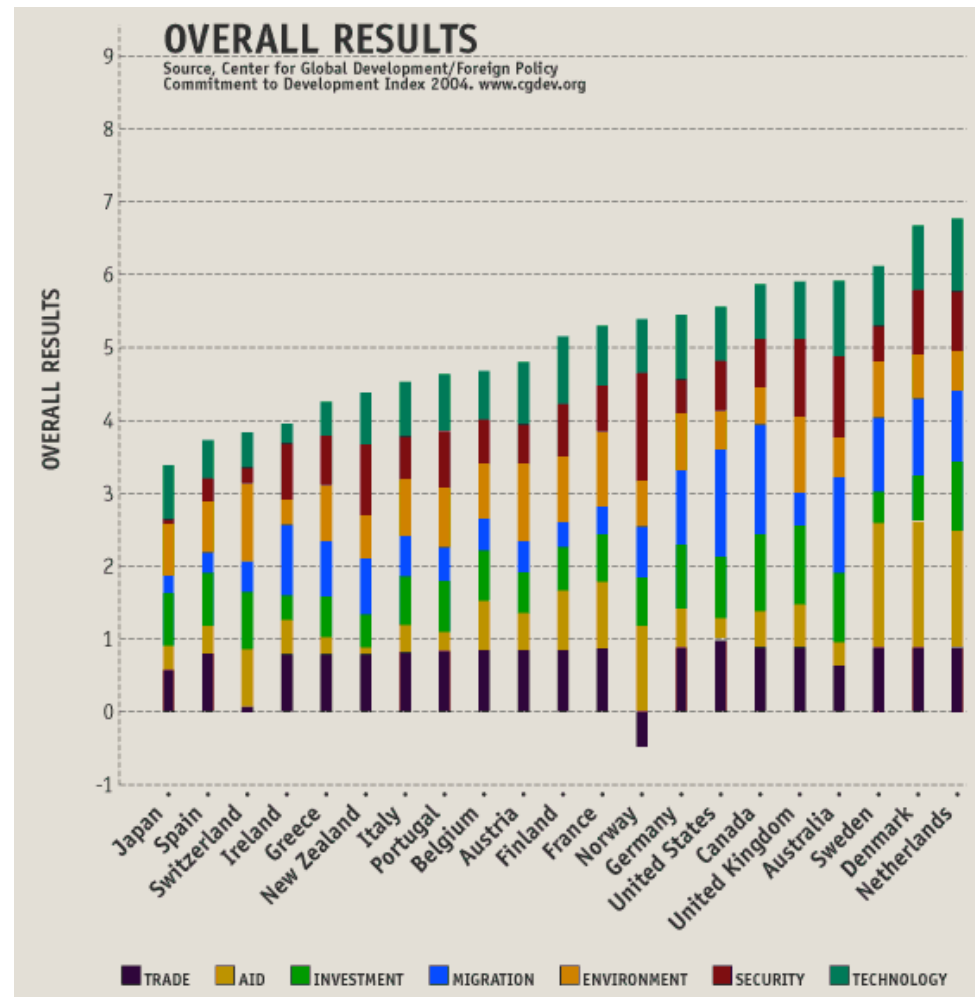
- Commitment to Development Index
  - A multidimensional assessment of rich country effort on trade, aid, investment, migration, environment, security and technology
  - Ranks efforts that affect all developing countries (from Brazil to Bangladesh to Botswana)



*In 2004, the United States tied for 7th (out of 21). The U.S. gets high marks on migration and trade; mixed grades on investment, security and technology; and low marks on aid and environment.*

*-- Commitment to Development Index (CGD, 2004)*

# How Do We Compare?





## Where does the U.S. rank? (2002 data)

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<b><i>Overall</i></b>	<b>Tied for 7<sup>th</sup></b>
<i>Aid</i>	19 <sup>th</sup>
<i>Trade</i>	1 <sup>st</sup>
<i>Migration</i>	2 <sup>nd</sup>
<i>Security</i>	11 <sup>th</sup>
<i>Environment</i>	21 <sup>st</sup>
<i>Investment</i>	6 <sup>th</sup>
<i>Technology</i>	7 <sup>th</sup>



# Trade

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- Trade is brightest spot, *relatively speaking*
  - Has more to do with others' shortcomings, than our openness
- Ups
  - One-way preferences (such as AGOA)
- Downs
  - Tariff barriers; escalating tariffs; anti-dumping abuse
  - Agricultural subsidies



## Trade: some “downs”

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- Agriculture
  - 2002 Farm Bill awarded \$12 bn in subsidies, 80% to large agribusiness firms
  - 2 Florida-based sugar companies receive subsidies of \$120 mn per year
- Intellectual property (TRIPS)
- Bilateral “bullying”



# Migration

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- U.S. ranks 1<sup>st</sup>
  - Boasts high net flows of legal immigrants from developing countries, including foreign students, refugees, and asylum seekers
- Yet there is danger that post-9/11 policies will erode our standing



# Security

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- U.S. comes in 11<sup>th</sup>
  - Contributes more than 50,000 personnel to interventions in Haiti, the Balkans, and Afghanistan.
  - But by the standards of its peers, this is not a large contribution after adjusting for economic size.
  - The invasion of Iraq is not counted because no major international body approved it.





# Environment

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- The U.S. comes in dead last
- U.S. fares poorly because...
  - High emissions of greenhouse gases
  - Low taxes on gasoline
  - Failure to ratify Kyoto



# Investment

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- U.S. is close to the top (ranks 6<sup>th</sup>)
- The Index measures:
  - Activities to facilitate investment flows to developing nations
  - Actions to avoid the abuses (bribery, corruption, environment, and labor) that FDI can bring



# Technology

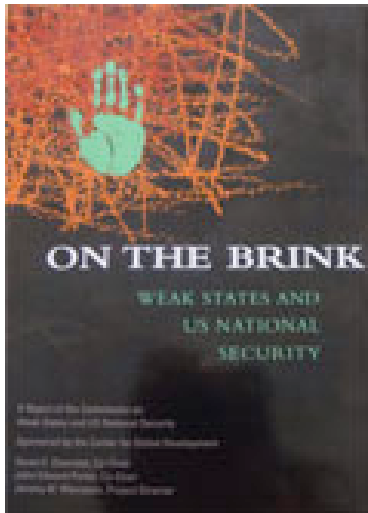
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- U.S. gets mixed marks (ranks 7<sup>th</sup>)
- Measures total government subsidies for R&D as a share of GDP
  - Military R&D is discounted
- U.S. government actually devotes the most to R&D as a share of GDP, but half of that is military
- Fails to reflect variation in policies on patent protection and other IPR (TRIPS)

### 3. Approach toward weak and failed states

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- Weak and failed states pose a 21<sup>st</sup> century threat that requires institutions and engagement renewed for the 21<sup>st</sup> century



*“U.S. foreign policy architecture was created for a world in which development policy was a low-level challenge, one in which development might have served diverse strategic purposes but was not a strategic imperative for US security or economic interests. As a result...the U.S. is ill equipped for rapid reaction to recognize state weakness or failure.”*

*-- Commission on Weak States, On the Brink (CGD, 2004)*



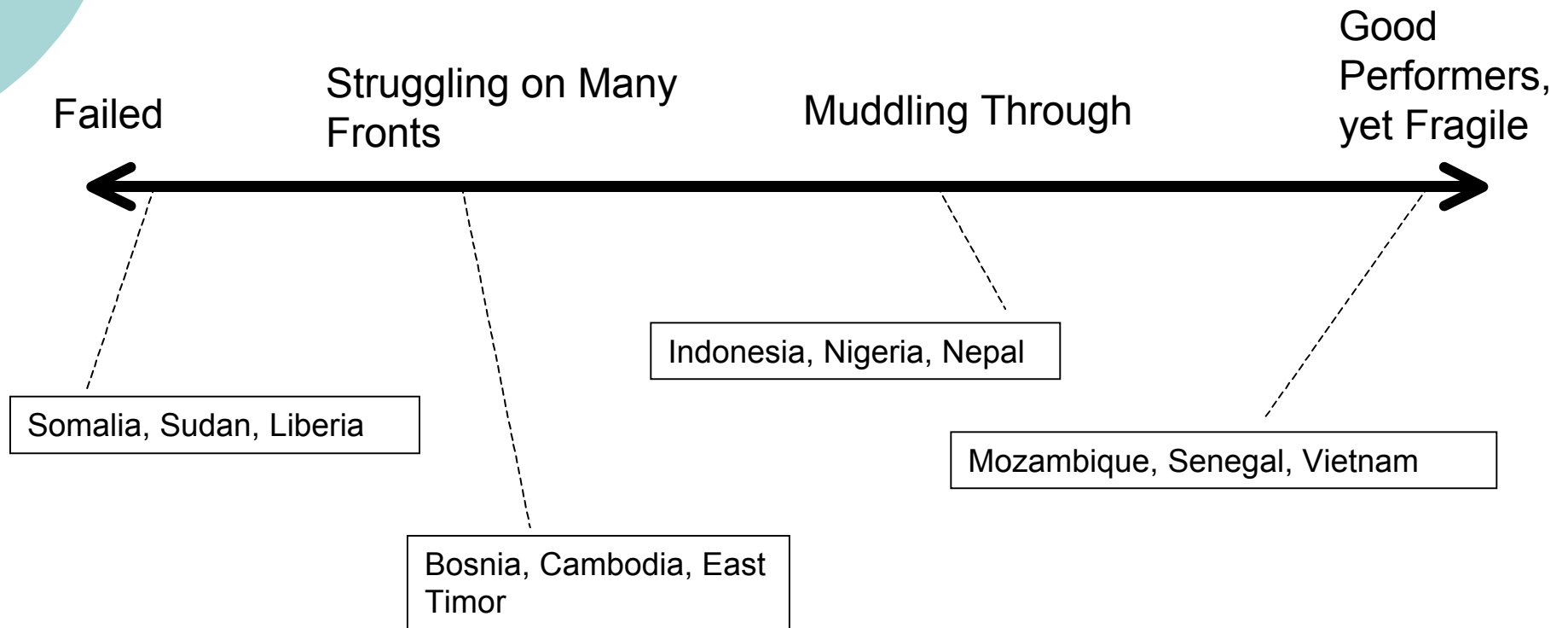
# The weak states dilemma

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- 50-60 low-income countries suffering from 1 or more capability gaps
  - *Security gap*: inability to maintain a monopoly on the use of force
  - *Capacity gap*: inability to provide basic public goods such as health & education
  - *Legitimacy gap*: inability to protect citizens' basic rights & freedoms

# Who are the “weak states”?

- Spectrum of state weakness; failure is an extreme condition





## Weak states: shortcomings of U.S. policy

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- Lack of adequate investment in prevention
- Bereft of flexible instruments
- No centralized policy-making that can develop integrated strategies
- No leveraging of our membership in the UN and other multilateral fora



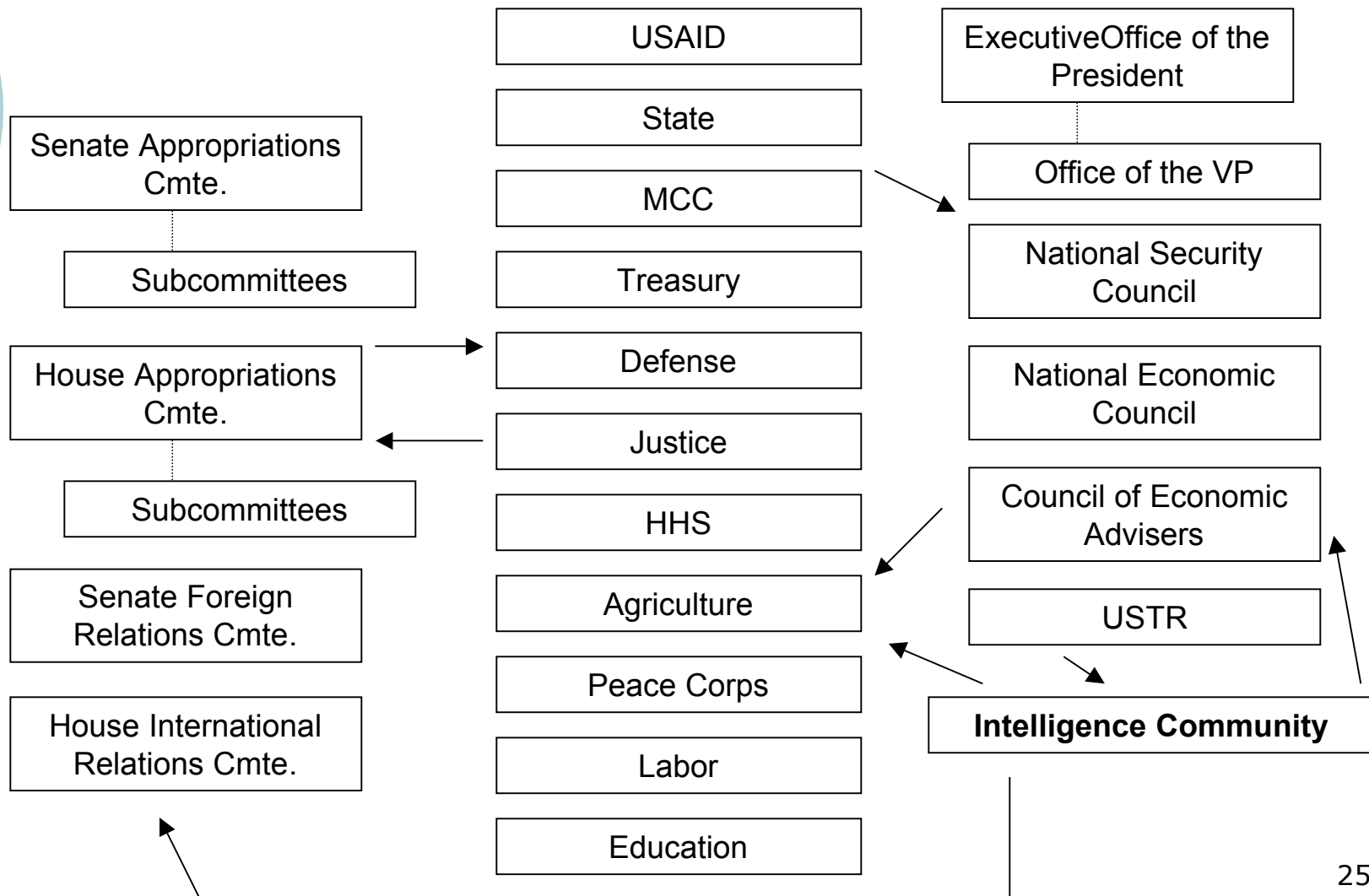
## Weak states: from here to there

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- Invest in prevention
  - i.e. development: trade, debt relief, security sector reform, and regional capacity
- Pre-authorization of rapid response capabilities
- Establish a Cabinet-level development agency
- Support international collaboration



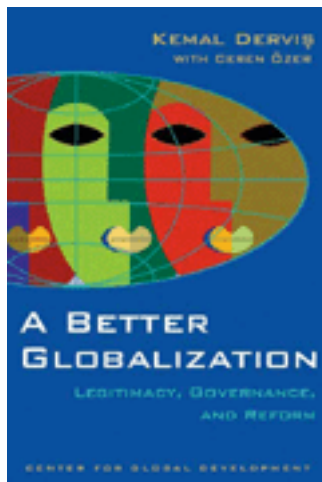
# The development policy-making morass



## 4. U.S. leadership in the global institutions

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- U.S. refusing to recognize critical need for change in the major global institutions (World Bank, IMF)
- Bully, hold-out, or leader?



*“Will the U.S. try to dominate the world relying primarily on unrivaled military might, and regard global institutions as potentially useful but nonessential tools to supplement its power as a nation-state? Or will Americans try to lead the world into building a 21<sup>st</sup> century order where nation-states will abide by rules under a reformed international system?”*

*-- Kemal Dervis, A Better Globalization  
(CGD, 2005)*

# Who “owns” IFI policies?

	Voting Share (%)				Directors				Total	President
	US	Other G-7	Other non-borrowers	Developing country borrowers	US	Other G-7	Other non-borrowers	Developing country borrowers		
IMF	17.1	28.2	16.7	38	1	6	6	11	24	Non-borrower
WB	16.4	26.6	18.2	38.8	1	6	7	10	24	Non-borrower
IADB	30	15.7	4.3	50	1	4	0	9	14	Borrower
ASDB	13	27.4	14.6	45	1	4	1	6	12	Non-borrower
EBRD	10.1	46.5	30.2	13.2	1	6	12	4	23	Non-borrower
AFDB	6.6	21	12.4	60	1	4	1	12	18	Borrower

Source: Birdsall (2003).



# What the U.S. should do: America's power and development

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- Aid policies

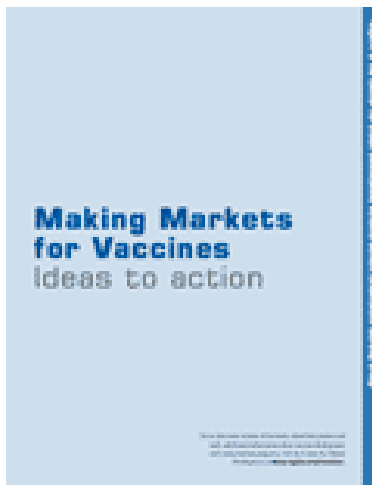
- More money to leverage U.S. leadership
  - Our partners take our small aid budget as incontrovertible evidence that the U.S. is not committed to, or a reliable ally in, the struggle for development.
- Leadership would leverage our good ideas (such as MCA)



## What the U.S. should do (cont.'d)

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- Development friendliness
  - Make a deal on ag. liberalization
  - Find a multilateral solution to global warming
  - Reinforce U.S. leadership on technology transfers



*The U.S. could exercise leadership on an advanced market commitment for a malaria vaccine. Making a commitment in advance to buy vaccines if and when they are developed would create incentives for industry to increase investment in research and development.*


*-- Making Markets for Vaccines: Ideas to Action (CGD, 2005)*



## What the U.S. should do (cont.'d)

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- Establish a Cabinet-level development agency
  - To implement develop assistance strategy
  - To lead strategy on weak states
  - To manage “development friendliness”
  - To coordinate collaboration in international fora on development questions



## Conclusion: enlightened leadership?

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- Enlightened leadership has to be multidimensional and truly collaborative
- Opportunities to drive a positive U.S. leadership agenda abound:
  - UK Commission for Africa report
  - July G-8 Summit: debt relief & IMF gold
  - Kofi Annan's High-Level Panel
  - UN Millennium Review
  - A President Wolfowitz at the World Bank



# For more information

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- Visit [www.cgdev.org](http://www.cgdev.org)
- Books
  - Van de Walle, Overcoming Stagnation in Aid-Dependent Countries
  - Levine et al., Millions Saved: Proven Successes in Global Health
- Working papers
  - Birdsall, “Why It Matters Who Runs the IMF and World Bank”
  - Elliott, “Agricultural Protection in Rich Countries: How Did We Get Here?”
- Briefs
  - Rich World, Poor World series
  - Big Sugar and the Political Economy of US Agricultural Policy