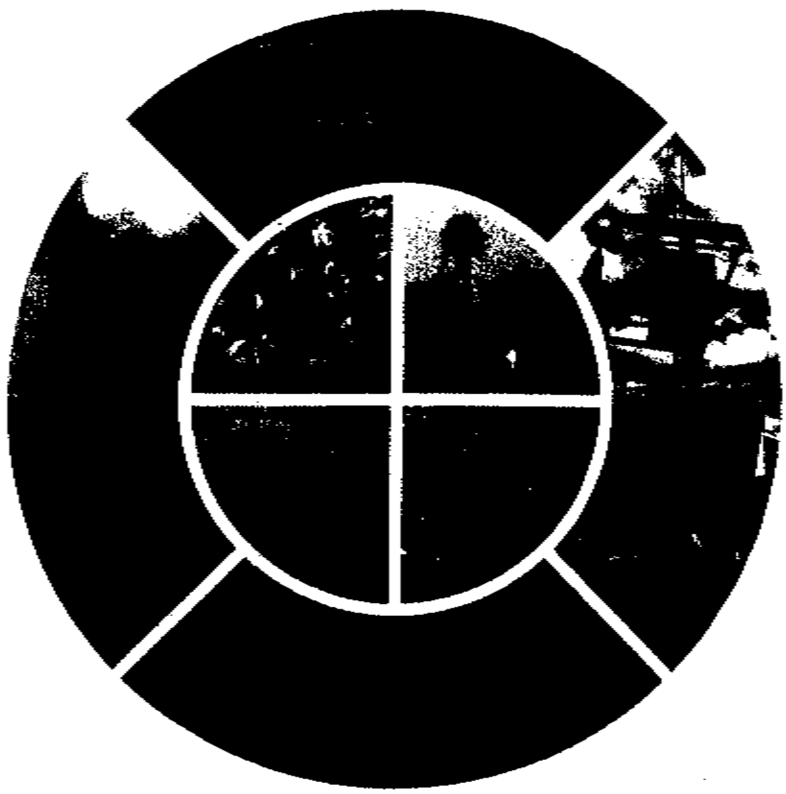
DILEMMAS OF POVERTY AND DEVELOPMENT



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Chapter 9

Global economic policy reform

Rasigan Maharajh[1]

The Helsinki Process on Globalisation and Democracy is in search of novel and empowering solutions to the dilemmas of global governance and offers a forum for open and inclusive dialogue between important stakeholders. The process promotes solution-oriented co-operation between governments, civil society organisations and the corporate sector. Innovative, extensive and goal-oriented collaboration is needed, because conventional international processes are no longer able to provide answers for the problems brought on by globalisation (www.helsinkiprocess.fi).

THIS CHAPTER was commissioned by the IGD to develop policy recommendations on poverty eradication in the SADC region as it relates to the Helsinki Process on Globalisation and Democracy. The terms of reference stipulate that the paper generate draft policy recommendations based on the outcomes of two workshops hosted in 2006 by the IGD, the Africa Institute of South Africa (AISA), the South African Department of Foreign Affairs, and Tanzanian secretariat for the Helsinki Process, on the themes of poverty and development.

The first workshop focused on governance reform measures considered necessary for achieving the MDGs. The second workshop focused on growth, development and employment in the broader context of poverty eradication. This paper was also presented at a multi-stakeholder workshop for further discussion and refinement. It does not stand alone, but is complemented by other efforts on the conceptualisation and understanding of poverty and regional, national, and local-level reform.

The subject of the paper is global economic policy measures to support development and poverty eradication. In order to generate policy solutions, it is necessary to reiterate some of the more salient aspects of the process of economic and political globalisation. The first section therefore introduces some general observations about the territory under consideration, namely Africa, and briefly introduces SADC. We then focus on the concept of globalisation in the following section. The third section briefly introduces a few of the more significant institutions through and by which global economic policy is being determined. Our specific interest in the fourth section is in exploring some of the economic aspects of globalisation. The concluding section then makes recommendations about global economic policy reform, especially in so far as they affect issues of global trade and poverty-reduction strategies, debt management, aid for development, and foreign direct investment. A key feature relates to the suggestion concerning the knowledge agencies through which the actual flows, trends, and indicators of globalisation should be mobilised, and that these would have great value for the work of local agencies, and provide a better platform to encourage evidence-based policy formulation.

Africa

In 2007, the United Nations recognised 192 sovereign states and their dependent territories by conferring on them membership status (see appendix 1). The expansion of this number of entities from the group of 51 who established the organisation in 1945 has been the result of various reconfigurations and an intensive decolonisation processes. It was estimated that in 1950, Africa had a population of 215 million people (AU 2006). This number has grown by almost five times, so that by 2006, the population of Africa was estimated to be 924 million (ibid). It is projected that the continent's population will grow to 1 355 billion by 2025, and overtake both China and India by 2050, when is estimated that it will be home to nearly 2 billion people (ibid).

Africa's populace has been the subject of much investigation and continues to be researched. Empirical data confirms that half of the population lives in extreme poverty, and that at least one third lives in hunger. Humanity's advance to the 21st century, while affording progress in a range of domains, appears incapable of redressing glaring inequalities in specific geographic territories. Currently, the continent of Africa is governed through instruments and modalities established by 53 autonomous African states. Much discussion continues about the arbitrary mechanisms by which these states were established. There seems to be consensus, however, that they are not the product of an evolutionary nation-state formation process. In other words, the 53 states are increasingly recognised as constructs of the violence of colonialism.

The AU was formed in 2001 and launched in 2002 (www.africa-union.org). It is seen as a successor to the Organisation of African Unity (OAU) and the African Economic Community (AEC). The five regional bodies referred to as pillars of the AEC, however, continue to exist, and are increasingly becoming important players in the integration and co-ordination efforts of the member states of the AU. The most recent summit of the AU has been caricatured as a 'Grand Debate' on the union of African states. Emerging from this gathering was a reiteration of a commitment to establish a United States of Africa, with a union government as its ultimate objective. This standpoint has been based on an acknowledgment of the need for creating a common response from the continent of Africa to global challenges, to boost regional integration processes through continental mechanisms, and to accelerate economic and political integration of the continent. The summit agreed that the immediate challenge lay in resolving and increasing efforts at a regional level. On this optimistic note, it is appropriate to turn to the region under discussion, Southern Africa.

Southern Africa

SADC has been in existence since 1980 (www.sadc.int). It was initially formed as a loose alliance of the nine democratic and decolonised states in Southern Africa. This intergovernmental organisation was known then as the Southern African Development Co-ordination Conference (SADCC). SADCC was formed on 1 April 1980 in Lusaka, Zambia, where it adopted the Lusaka Declaration – 'Southern Africa: towards economic liberation'. The primary objective of SADCC was to co-ordinate development projects in order to lessen economic dependence on apartheid South Africa. The founding member states were: Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, United Republic of Tanzania, Zambia, and Zimbabwe. The transformation of the organisation, from a conference aimed at achieving a coherent and co-ordinated response against the aggression of South Africa, into a development community, took place on 17 August 1992 in Windhoek, Namibia, when a new declaration and treaty was entered into by a summit of heads of states and governments. The membership expanded to the current 14, and now also includes the Democratic Republic of Congo, Madagascar, Mauritius, Namibia, and South Africa. Seychelles also joined SADC in 1997, but withdrew in 2004. SADC comprises 9 882 959 km^2, and brings together an estimated 233 944 179 people. Its ultimate objective is to enable the region to address its developmental needs effectively. SADC is also committed to positioning the region to meet the challenges of the dynamic, ever-changing, and complex globalisation process, as well as to take advantage of the opportunities offered by globalisation.

SADC held an extraordinary summit in 2006, wherein it established an emphasis on the need to consider developmental integration through projects concerned with infrastructure and poverty eradication. The outcomes that were proposed included a time frame for economic integration, which includes a free-trade area being established by 2008, and a customs union by 2010. This summit also called for the creation of a development fund which would target harnessing regional trade potential and addressing supply-side challenges such as infrastructure and food security.

Globalisation

Globalisation is a concept that evokes a diversity of responses, and is contested at both the normative and explanatory levels. For our purposes, it is important to separate the use of the concept in describing what ought to happen, from its use in defining actually obtained results. The following section characterises globalisation mainly in economic and technological terms.

Globalisation is sometimes defined as the process whereby a set of routines and rules are agreed to by individual countries to mediate and co-ordinate an integrated global economic system. The creation of institutions through which these procedures find realisation has been a central feature of this form of globalisation. For 192 sovereign states to conclude such negotiated compromises requires significant levels of awareness and engagement from the populations that these states represent. In this context, achieving absolute progress in global integration implies the universal participation of 8 billion people. No such collective instruments exist to achieve such a co-operative venture, notwithstanding the variety of social, political, and economic organising units.

Globalisation could also be understood as a process of integration and convergence of multifaceted and multidimensional aspects of policy, which defines norms and values transcending local boundaries in seeking alignment and coherence at an international scale. This confers on the process of globalisation a significant role in steering across various domains such as trade, development, and environmental protection issues. The preceding workshops in this series explicitly argued that these rules enforce global privatisation, deregulation, trade liberalisation, and the opening of financial markets and institutions, with the aim of preventing regulated capital flows, and generally promoting more market-driven economies (Anon 2006; Ruiters & Pressend 2006).

For us to unpack the emergent discourse woven through these preceding discussions, we must understand the historical evolution of this unitary process of economic integration through rules, routines, and institutions that spawned the co-evolution of various sub-processes in production, distribution, consumption, and financial management. Roy Culpeper (2005: 8) argues that economic globalisation usually connotes 'economic integration among countries, brought about by the movement of goods, services, technology and factors of production, which would otherwise be restricted to their countries of origin'. He goes further to suggest that trade, factor mobility, and technology transfer are the 'concrete expressions of economic globalisation' (ibid). In this context, Wikipedia suggests that the globalisation of economies is experienced through the 'convergence of prices, products, wages, rates of interest and profits toward developed country norms' (http://en.wikipedia.org/wiki/Globalization).[2] This suggests that there is a convergence between the recognition of these microeconomic variables, their deployment in economic reform, and their utilisation as indicators of globalisation.

From such an explication, it is apparent that globalisation may further be considered as both the cause and driver of these convergences, while simultaneously being the collective result of these sub-processes. It is between these two positions that a significant literature has emerged over the past three decades about what constitutes the unfolding processes of globalisation. Much of this literature is beyond the scope of this paper. For our purposes it is, however, important to note that the literature may be summarised, even if schematically, into two main groupings.

There are those who propagate the virtues of globalisation as a panacea to the unevenness of development over the last five decades. These groupings argue for increased immersion into the process of global integration and reductions in the scale and scope of national autonomous development initiatives.[3] They suggest that globalisation will extend the positive aspects of 'development', thereby redressing negative features such as issues of poverty, inequality, and environmental degradation. These groupings are sometimes portrayed as carriers of a neoliberal agenda associated with certain multilateral agencies. And, indeed, there is also a wide-ranging critique of how the very concept of 'development' has been redefined.

Opposing this perspective are those who argue that the processes of global economic integration have resulted in mainly negative consequences for local political, socio-economic, and environmental domains. They maintain that the limitations created by supra-national regulations reduces the scope for individual states to act in their own interests, and inevitably mutes the voices of those directly affected by the consequent accords. There are some in this camp who warn that globalisation is a form of corporate imperialism, whereby the entire world is commoditised, valorised, and exchanged. A strand within this view seeks to amplify the voice of those marginalised and excluded as the means towards correcting the instruments through which globalisation is managed. Examples include the World

Social Forums, which bring together social movements, NGOs, and community-based organisations (CBOs). These now stand out in stark and confrontational contrast to the manner in which the World Economic Forum is organised, that is, to increase the contact between representatives of large corporate conglomerates and governmental officials (see www.weforum.org).

Jerry Harris (2007) has suggested that the 'integrative force of global production, finance and technology has qualitatively changed social relations along with the culture, politics and the way we see the world and ourselves'. According to him, 'globalisation, as a mode of accumulation and wealth has achieved a hegemonic position but its social structure and nationally defined characteristics continue to be formed' (ibid). It is on this note of positive uncertainty that we turn to the institutional formations seen to be driving and determining the character of globalisation.

Institutions of globalisation

Countries that have achieved considerable wealth and power since the mid-20th century, and the enterprises primarily based in them, are often seen as enthusiastic supporters of an unproblematic version of globalisation. Alternatively referred to as industrialised countries, more developed economies, and established mature markets, they are organised through a variety of institutional forms such as the Group of Eight industrialised nations (G-8), the OECD,[4] and other associations. These countries have expanded systems of production that are characterised by intensive and extensive resource utilisation, are acknowledged as possessing vast technological capabilities, and operate within mainly constitutional democratic political systems.[5] While maintaining levels of socio-cultural and linguistic diversity, they collectively utilise common measurements which are, usually, derivatives of GDP. This is the value of all final goods and services produced within a nation in a given year, and it is, together with the whole system of national accounts, while creating the ability to compare different systems and societies, also under attack for reductionism and over-simplification.[6]

Although the G-8 represents only 14 per cent of the population of the world, it accounts for nearly two thirds of the world's economic output, measured by GDP. The OECD was originally formed as the Organisation for European Economic Co-operation in 1946 to promote the Marshall Aid Plan for the reconstruction of Europe. On the back of reforms in 1961, it became a forum that facilitates comparative policy, and, learning from its members' experiences, seeks answers to common problems, identifies good practice, and co-ordinates domestic and international policies. Its membership has expanded from an initial 20 in 1960, to 30 in 2007, with a shared commitment to a form of democratic governance represented by a multiparty system and a market-based economy.

The organisations created by a UN Monetary and Financial Conference held on 22 July 1944 at Bretton Woods in New Hampshire in the United States, namely the International Bank for Reconstruction and Development (World Bank) (see www.worldbank.org) and the IMF (see www.imf.org), colloquially referred to as the Bretton Woods institutions, are also seen as playing a major part in facilitating globalisation. According to both institutions, they were formed to 'avoid a repetition of the disastrous economic policies that had contributed to the Great Depression of the 1930s' and also 'to help countries ravaged by the Second World War to rebuild their economies'. The earliest recipients of loans were the countries of Europe and Japan that had been damaged by the preceding war. By the early 1960s, these countries no longer needed this form of assistance, and lending was redirected to the newly independent and emerging nations of Africa, Asia, Latin America, and the Middle East, and, in the 1990s, to the transition countries of Central and Eastern Europe.

The World Bank states that it is owned by its 185 member states, and provides loans, guarantees, risk-management products, and analytical and advisory services. It includes affiliates such as the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), the International Centre for Settlement of Investment Disputes (ICSID), and the International Development Association (IDA). The IMF was formed as an agreed framework for international economic co-operation, and also has 185 member states. Interestingly, a state wishing to use the facilities of the World Bank has to be a member of the IMF. The IMF has three main activities:

- monitoring national, global, and regional economic and financial developments, and advising member countries on their economic policies ('surveillance');
- lending members hard currencies to support policy programmes designed to correct balance-of-payments problems; and
- offering technical assistance in its areas of expertise, as well as training for government and central bank officials.[7]

Notwithstanding both organisations' claims to being equitable and member-driven, inbuilt mechanisms for the selection of heads of these bodies have shown such statements to be bogus. The determining role of the United States and European governments in choosing the leaders of the World Bank and the IMF, respectively, has been criticised by almost all other member countries. The legitimacy of advice from the World Bank, especially on matters of good governance practices, has also been open to serious challenges. This has been exacerbated by the manner in which the conduct of the recent past president of the World Bank held the institution hostage and even alienated the staff association (http://www.bicusa.org/en/Issue.11.aspx).

Another mechanism that plays a major part in facilitating and incorporating individual states into a global system is the WTO (see www.wto.org). This is the successor to another international framework, GATT, which was established in 1947. The WTO came into being on 1 January 1995, is headquartered in Geneva, Switzerland, and claims to have 150 member states. It is governed by a ministerial conference, which meets every two years; a general council, which implements the conference's policy decisions and is responsible for day-to-day administration; and a director-general, who is appointed by the ministerial conference. It deals with the rules of trade among states, negotiates and implements new trade agreements, and is responsible for policing member countries' adherence to all the WTO agreements. These agreements have to be signed by the individual member state, and ratified in their respective legislatures.

The three – IMF, World Bank, and WTO – were originally conceived of as a troika of instruments, with the latter initially suggested as the International Trade Organisation. The United States, however, pursued a separate multilateral process of engagement, and the founding statutes of the ITO were never acceded to by its congress. The reason given for non-accession was that the ITO charter would interfere with the domestic economy of the United States.

Most of the WTO's current work comes from the 1986–1994 negotiations called the Uruguay Round, and earlier negotiations under GATT. Whereas GATT had mainly dealt with trade in goods, the WTO and its agreements now cover trade in services, and in traded inventions, creations, and designs (intellectual property). It is currently the host to new negotiations, under the Doha Development Agenda, launched in 2001. The Doha Round was to be an ambitious effort to make globalisation more inclusive, and was ostensibly intended to help the world's poor, particularly by slashing barriers and subsidies in farming.

The inconclusive Doha round of negotiations has highlighted some of the difficulties in attempting to analyse a phenomenon while it is still in the process of being forged. Capturing elements of the process through various indicators may be our best attempt to capture the essence of its characteristics. Thus our next section is devoted to exploring some of the more salient economic effects of globalisation that are empirically available.

Table 9.1: International trade agreements[8]

Name	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Geneva	April 1947	7 months	23	Tariffs	Signing of GATT, 45 000 tariff concessions affecting US$10 billion of trade
Annecy	April 1949	5 months	13	Tariffs	Countries exchanged some 5 000 tariff concessions
Torquay	September 1950	8 months	38	Tariffs	Countries exchanged some 8 700 tariff concessions, cutting the 1948 tariff levels by 25%
Geneva II	January 1956	5 months	26	Tariffs, admission of Japan	US$2,5 billion in tariff reductions
Dillon	September 1960	11 months	26	Tariffs	Tariff concessions worth US$4,9 billion in world trade
Kennedy	May 1964	37 months	62	Tariffs, anti-dumping	Tariff concessions worth US$40 billion in world trade
Tokyo	September 1973	74 months	102	Tariffs, non-tariff measures, 'framework' agreements	Tariff reductions worth more than US$300 billion dollars achieved
Uruguay	September 1986	87 months	123	Tariffs, non-tariff measures, rules, services, intellectual property, dispute settlement, textiles, agriculture, creation of the WTO, etc	The round led to the creation of the WTO, and extended the range of trade negotiations, leading to major reductions in tariffs (about 40%) and agricultural subsidies, an agreement to allow full access for textiles and clothing from developing countries, and an extension of intellectual property rights
Doha	November 2001	?	141	Tariffs, non-tariff measures, agriculture, labour standards, environment, competition, [illegible]	The round is not yet concluded

Economic effects of globalisation

The disputes over the definition of globalisation are best considered against an empirical assessment of the outcomes and impacts of the historical evolution of this unitary process of economic integration, through rules, routines, and institutions which spawned the co-evolution of various sub-processes in production, distribution, and consumption. The literature on this topic is of course vast, complex, and still dynamic. For the purposes of this paper, only a selection of material concerning a set of human and social activities and institutions related to the production, distribution, exchange, and consumption of goods and services is presented and discussed. Specific attention will be paid to available measurements of foreign direct investment (FDI) and international development assistance (donor aid).

Foreign direct investment

FDI, according to the UN Conference on Trade and Development (UNCTAD), is a cross-border investment made by an investor with a view to establishing a lasting financial interest in an enterprise, and exerting a degree of influence on that enterprise's operations, and where the foreign investor holds an interest of at least 10 per cent in equity capital (www.unctad.org). A considerable amount of literature in economic studies confers on FDI the status of contributing certain benefits to national economies, and thereby acting as a significant driver for economic growth. This perspective is also mainly conveyed through the Bretton Woods Institutions in its various pieces of policy advice to developing countries.

This is primarily due to the expectation that FDI contributes to GDP, the balance of payments, and the establishment of fixed assets. For an investment to qualify as FDI, physical capital must be created in the foreign country (such as manufacturing facilities, or factories). This physical capital is controlled by a firm based outside of the receiving, or host country. The literature also considers FDI to be a very stable and long-term investment, because it involves the creation of physical capital, and physical capital is not easily liquidated.

FDI inflows and outflows comprise capital provided (either directly or through other related enterprises) by a foreign direct investor to an FDI enterprise, or capital received by a foreign direct investor from an FDI enterprise. FDI includes the three following components:

- equity capital – the foreign direct investor's purchase of shares of an enterprise in a country other than that of its residence;

- reinvested earnings – the direct investor's share (in proportion to direct equity participation) of earnings not distributed as dividends by affiliates, or earnings not remitted to the direct investor – such retained profits by affiliates are reinvested; and
- intra-company loans or intra-company debt transactions – short- or long-term borrowing and lending of funds between direct investors (parent enterprises) and affiliate enterprises.

African countries were encouraged to look to FDI to finance the gap and to address debt. Privatisation was proposed to attract FDI. In Africa the largest part of FDI goes to the extractive sector. In part, FDI should take into account backward and forward linkages and spill-over, but this did not happen. According to many analysts, there has been a race to the bottom by African industries to attract FDI. It is often suggested that the countries of Africa should do proper cost -benefit analyses of foreign investment and their returns. This stems from the observation that FDI does not necessarily flow into the productive sector, and is often merely seen in the privatisation of state-owned enterprises. Very little evidence exists to maintain the argument that FDI is the major factor of growth.

Table 2 is derived from the UNCTAD database, accessed in May 2007. It reports on inward FDI attracted by the countries of SADC, and is measured in US dollars at current prices in millions.

As is evidenced above, SADC is positively attracting FDI, especially with regard to flows. The accumulated advantage of certain countries is also reflected by a single entity, with South Africa hosting more than half of the FDI stock for the region by 2005.

SADC countries are also exporting FDI, albeit in a fundamentally uneven fashion. These investments are, however, significant when considered against the overall share of inward FDI received by the region, relative to the share of the global FDI flows and stocks. The next table depicts the outward FDI performance of SADC from the same source as the previous table, and in the same currency unit.

Table 9.2: ***Inward FDI in SADC countries***

Angola	878,50	7 976,97	2 145,50	10 122,47	1 672,10	11 794,57	3 504,70	11 987,50	1 449,20	13 436,70	–23,92	13,412.79
Botswana	57,16	1 826,64	30,68	1 388,50	403,41	854,09	417,99	1 167,21	391,06	982,10	346,12	1,083.52
DRC	23,11	617,25	82,00	699,25	117,00	816,25	158,00	974,25	15,14	989,39	1 344,00	2,333.39
Lesotho	31,46	329,52	28,21	357,74	26,82	384,56	41,85	426,41	53,21	479,62	47,17	526.79
Malawi	26,00	357,70	33,70	490,90	5,90	496,80	3,90	500,70	–0,68	500,02	3,00	503.02
Mauritius	265,64	672,35	-27,68	644,67	32,07	676,74	62,63	739,37	13,89	753,26	23,97	777.23
Mozambique	139,20	1 094,20	255,42	1 349,62	347,25	1 696,87	336,70	2 033,57	244,70	2 278,27	107,85	2,386.12
Namibia	188,25	1 264,52	365,41	750,92	181,71	1 757,43	148,71	3 003,51	226,11	4 046,87	349,09	2,440.28
Seychelles	24,30	537,27	64,70	601,97	47,70	649,67	58,40	708,07	37,45	745,52	82,40	827.92
South Africa	887,90	43 442,27	6 788,70	30 656,52	756,70	29 549,20	733,70	45 592,46	799,20	62 992,63	6 379,40	69,372.03
Swaziland	90,59	536,64	51,36	374,29	90,10	607,00	–61,00	724,00	60,30	928,20	–13,80	814.00
Tanzania	282,00	3 038,30	467,20	3 776,60	429,80	4 206,40	526,80	4 733,20	469,90	5 203,30	473,40	6,028.80
Zambia	121,70	2 359,64	71,70	2 431,34	82,00	2 513,34	172,00	2 685,34	239,00	2 924,34	259,00	3,183.34
Zimbabwe	23,20	1 238,05	3,80	1 241,85	25,90	1 267,75	3,80	1 271,55	8,70	1 280,25	102,80	1,383.05
SADC	3 038,99	65 291,32	10 360,70	54 886,62	4 218,47	57 270,67	6 108,18	76 547,14	4 007,17	97 540,47	9 480,49	105,072.28

Table 9.3: Outward FDI from SADC countries

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2005	
Angola	20,00	49,04	15,00	64,04	28,70	92,74	23,60	116,34	35,24	151,58	29.18	180.76
Botswana	2,25	516,57	379,67	865,82	42,89	1 023,66	206,06	1 446,65	−38,76	950,10	57.43	791.03
DRC	−1,84	–	0,89	–	−1,88	–	–	–	–	–	–	–
Lesotho	–	1,94	–	1,94	0,10	2,04	0,01	2,05	0,10	2,15	–	2.15
Malawi	–	8,40	4,70	13,10	–	13,10	–	13,10	–	13,10	–	13.10
Mauritius	12,95	132,29	2,87	135,16	8,70	143,86	−6,02	137,84	31,79	169,63	47.53	217.16
Mozambique	−0,20	1,67	−0,42	1,25	0,42	1,67	0,01	1,68	0,01	1,69	–	1.69
Namibia	2,77	44,53	−12,78	15,04	−5,42	26,02	−10,44	82,98	−22,32	98,96	−12.26	68.30
Seychelles	7,70	136,49	8,50	144,99	8,70	153,69	8,20	161,89	7,60	169,49	7.50	176.99
South Africa	270,80	32 318,63	−3 180,10	17 630,31	−398,90	21 934,76	565,10	27 112,16	1 352,10	38 435,47	67.90	38,503.37
Swaziland	16,56	94,89	−18,47	46,63	−0,10	64,00	−10,50	95,10	1,20	109,70	21.40	72.60
Tanzania	–	–	–	–	–	–	–	–	–	–	–	–
Zambia	–	–	–	–	–	–	–	–	–	–	–	–
Zimbabwe	7,50	233,60	4,10	237,70	3,20	240,90	0,20	241,10	0,00	241,10	1.10	242.20
SADC	338,49	33 538,06	−2 796,04	19 155,99	[illegible]	[illegible]	−776,22	[illegible]	1 366,96	40 342,98	219.78	40,269.36

The fact, albeit qualified, that the region itself is investing just over US$40 billion is beginning to attract research interest. Most studies are following the largest investor, South Africa. Qualitative appraisals of this trend will, over time, be able to help illuminate the degree to which such investments are contained within the region, namely, among the countries of SADC, or whether they are contributing to the migration of the stock of capital further abroad.

Development aid

In contrast to FDI, development aid is provided by more developed countries to support economic or social development in developing countries. This kind of support is usually distinguished from humanitarian aid because of its time frames. Development aid is mainly aimed at alleviating poverty in the long term, rather than merely easing suffering in the short term.

The problems with the data on aid have been dealt with extensively in the literature, and a detailed analysis of their quality is unnecessary in this paper. An ActionAid estimate is that in 2003, about 60 per cent of all bilateral donor assistance was 'phantom aid' – that is, aid that 'never materialises for poor countries, but is instead diverted for other purposes within the aid system' (Greenhill & Watt 2006).

A recent report by UNCTAD notes that the international community, after retreating in the 1990s, has recovered its faith in official development assistance (ODA), with a promise to double aid to Africa by 2015. According to UNCTAD (2006), actual performance measurement indicates that the total aid to Africa since 1960 has been in the region of US$580 billion.

Estimates of Africa's additional resource needs are similarly affected by the same difficulties and uncertainties, with different institutions producing a wide variety of estimates. The New Partnership for Africa's Development (NEPAD) framework document, for example, suggests that Africa will need to fill an annual resource gap of US$64 billion (equivalent to 12 per cent of GDP), and acknowledges that, despite a significant increase in domestic resources, most of the increase will have to come from abroad (Funke & Nsouli 2003:16). The G-8, in its Gleneagles Declaration, called for aid to Africa to be raised to US$25 billion a year by 2010. In their conservative estimate of the additional ODA that Africa could use effectively for the improvement of infrastructure and human development, the World Bank and IMF argue for US$14–18 billion a year for 2006–2008, rising to US$24–28 billion by 2015 (Gupta, Powell, & Yang 2006: 1).

Table 9.4: Net official aid flows to Africa from all donors by type of flow, 1960–2004 (US$ million)[9]

	1960–2004	1980–[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1960–[illegible]	1980–[illegible]	1990–[illegible]	2000–[illegible]
Official development assistance	14 268	16 268	26 158	28 776	100	100	100	100	0,77	0,2	0,15	0,21
Bilateral grants and grant-like flows, of which:	8 878	8 917	16 938	19 505	62,2	54,8	64,8	67,8	0,82	0,27	0,13	0,28
Technical co-operation	2 932	3 646	5 393	5 160	20,5	22,4	20,6	17,9	0,72	0,22	0,1	0,1
Developmental food aid(a)	790	1 146	736	491	5,5	7	2,8	1,7	0,47	0,16	0,53	0,09
Emergency & distress relief(a)	1 046	–	493	1 930	7,3	1,9	6,7	0,96	–	0,79	0,55	
Debt forgiveness (grants)	2 143	136	1 682	3 868	15	0,8	6,4	13,4	0,82	0,85	0,45	0,53
Bilateral loans	2 631	4 082	4 415	2 455	18,4	25,1	16,9	8,5	0,71	0,18	0,3	0,23
Imputed multilateral loans	3 879	3 270	4 805	6 816	27,2	20,1	18,4	23,7	0,52	0,31	0,2	0,15

Source: UNCTAD 2006

This data shows there have been significant variations in the component share of various vehicles for official donor assistance (ODA). The results from the past four years show a doubling of the average achieved in the past four decades. While food aid has more than halved in the past 30 years, emergency and distress relief is now nearly four times that received in the preceding decade, and the most significant component of bilateral aid is grants for debt write-downs. The average bilateral loans are now smaller than in earlier decades, and the imputed value of multilateral loans is at just under twice the average for the four decades as a whole.

The Paris Declaration on Aid Effectiveness,[10] issued in March 2005, clearly recognised issues related to the quality problems on the donor side. The declaration contains commitments to harmonise ODA and adapt it better to the recipient country's development strategy, and reduce transaction costs and bureaucratic procedures, thereby untying aid and grant ODA increasingly as direct budget support. A follow-up conference to the Paris declaration is planned to be held in Accra, Ghana in September 2008. This is expected to adopt further steps to improve the quality of ODA.

Along with the traditional donor countries of the OECD, new emerging donors are entering the scene. On the one hand, these include some of the countries of the South, including China, but also including Saudi Arabia and Venezuela. The total amount of transfer from these countries is unknown, but it is at least several billion US dollars annually and is rapidly increasing. On the other hand, private donors are growing in importance. In the upcoming years, the Bill and Melinda Gates Foundation alone will spend about US$3 billion a year for development projects. This is more than the German bilateral ODA for technical co-operation (ibid).

Global trade and integration

Significant attention has been devoted to explaining globalisation as the liberalisation of trade. Notwithstanding the caveat that globalisation is more than just trade,[11] we will both comment on trade in itself, and also focus on a key driver in this process of convergence: new technologies. Various reports confirm that world trade has expanded rapidly over the past two decades. Statistics show that since the mid-1980s, trade has grown faster than world GDP. GATT, the predecessor of the WTO, provided the framework through which trade liberalisation was negotiated. These processes accelerated after the 1980s, when more and more developing countries became party to the agreements. In considering this growth phenomenon, it is important to note that the expansion of trade was and is not experienced uniformly by all countries.

The actual growth and development of national economies measured through GDP expansion has also not been consistent, or commensurate with expanding population increases and associated domestic demands. Significant methodological challenges related to the informal, non-formal, and dualistic economies are yet to be accurately captured in trade statistics.

Hammouda and Osakwe's (2006: 1) literature survey provides the list of factors below that have influenced and shaped the economic performance of African economies. The listed factors are couched in neo-classical terms, and hence very much aligned to the discourse of neoliberalism. According to them, the underperformance of African economies may be ascribed to a combination of:

- political instability and poor governance;
- macroeconomic instability exacerbated by policy reversals;
- poor investment climate;
- geography;
- the legacy of colonialism; and
- inhospitable external environments as reflected in, for example, trade policies in OECD countries that make it difficult for exports of African countries to penetrate their markets.

It is common knowledge that many of the least-developed countries (LDCs), of which 36 are located in Africa, actually experienced a proportional decline in their share of world markets, despite the fact that they had in most cases liberalised their domestic trade regimes. Osakwe and Hammouda quote the recent Economic Commission for Africa Report which shows that, if current trends continue, sub-Saharan Africa is unlikely to meet the target of halving the proportion of people whose income is less than US$1 a day between 1990 and 2015 (ibid: 2).

It is appropriate to unpack the components of trade liberalisation. It is also important to locate this discussion within a broader discourse on liberalisation that promotes 'market-friendly' policies. Over the past five decades, a fundamental orthodoxy has largely prevailed, and influenced much research on the subject. This is the result of the determination of neo-classical economics as an economic science which is then capable of explaining the functioning of the economy any-time, anywhere – regardless of institutional strengths or capabilities. In other words, neo-classical orthodoxy in economics and its consecration as an economic science has resulted in its dominance as an explanatory paradigm – the critique of it notwithstanding.

It is this fundamentalist faith in the ideology of 'free-markets' that has produced, among other rigidities, what we now define as the 'Washington Consensus'. This is often seen as a package of measures which promised that trade liberalisation and

FDI would engender economic growth. It acknowledged that inequality would be an inevitable outcome in the search for competitive advantages. In this paradigm, competitiveness is a result of increasing productivity gains, which, narrowly defined implies merely more output per unit of labour. It suggested that poverty resulting from liberalisation was to be addressed directly by targeted programmes to ensure social stability, and prescribed the deflection of social unrest and instability as a necessary condition for a favourable investment climate.

This package of measures, based on the premise of growth and trickle-down relief from poverty, was packaged as SAPs. The 'neoliberal project' espoused by the Washington Consensus, and facilitated by a triumvirate of the WTO, World Bank, and IMF, has come under serious criticism. Dani Rodrik (2004), in a famous lecture, 'Rethinking growth policies in the developing world', assessed the application of this formulaic prescription, and argued that the reforms of the 1980s and 1990s produced disappointing results. He went further to say that, while most successful countries have adhered to some generally recognised principles, in terms of growth they have followed heterodox policies. His key methodological finding was that policies appropriate to a particular situation cannot be inferred from these general principles, and that policy diversity should be considered desirable.

The rise and expansion of an integrated information and communication technology network has been an underlying factor enabling the rapidity and all-encompassing nature of the current phase of economic globalisation. Through the creation of this infrastructure, the natural barriers of time and space have been vastly reduced. Through this global communication network, the costs of moving information have fallen dramatically. This has then facilitated the mobility of commodities, enterprises, and money, while people themselves remain constrained by national borders.

The past century has witnessed the incredible advance of technology over the constraints of geography and demographic distribution. Advances in connecting various settlements through establishing infrastructure and capabilities have had the effect of lowering the average costs. This is especially the case where the technological platform displays scale benefits. Table 5 captures some of these price reductions. As is clearly evident, communication and transport prices have fallen by multiple factors. It must be noted that this does not speak to issues of costs, especially the indirect or environmental burden created by the lowering of these prices and the subsequent increase in uptake.

Table 9.5: Declining cost of transportation and communication[12]

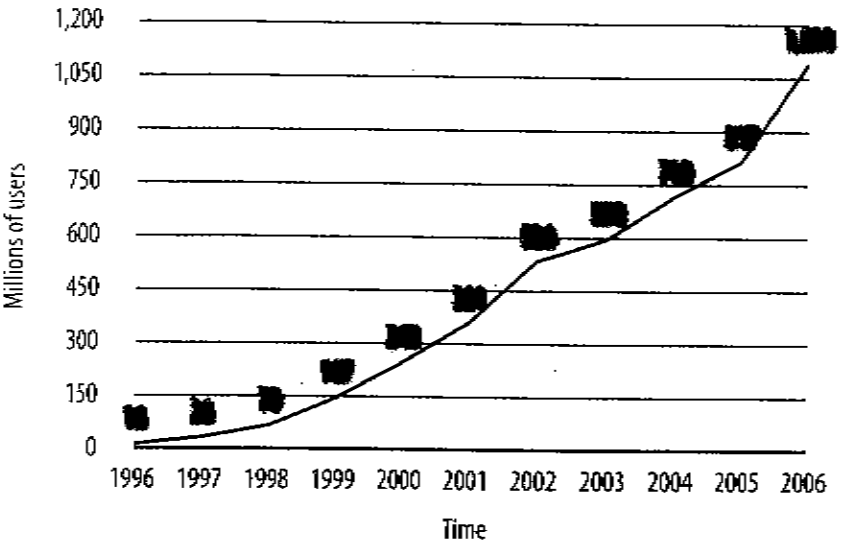
1920	95	–	–	–
1930	60	0,68	245	–
1940	63	0,46	189	–
1950	34	0,30	53	–
1960	27	0,24	46	12 500
1970	27	0,16	32	1 947
1980	24	0,10	5	362
1990	29	0,11	3	100

Recent research confirms the decrease in time for the spread of technologies across the world. Effectively, the diffusion of innovation is becoming faster. While it took the medium of radio approximately 38 years to achieve 50 million users, the personal computer achieved this target in 16 years, television took 13 years and the current internet, via the world wide web, took only four years (United States Department of Commerce 1998). This last category has, of course, led to the most widespread availability of the means of communication.

Figure 1 is a graphic representation of the rapid exponential growth in the number of internet users across the world. While, again, one must acknowledge the differences in definitions of users, the statistics do provide an indication of the trend. For the period 1996–2006, this suggests a 100-fold increase over the decade. That close to a sixth of the world population is connected is both progressive and an overall positive trend which, however, masks significant regional disparities.

These decreases in prices, increases in technological uptake, and expansion of global connectivity have not been evenly spread. While Africa contributes to the global frenzy of the diffusion and integration of innovation and trade, its participation has been mediated by an inherited and accumulated set of structural, cyclical, and regulatory constraints. The results have therefore been of a combined and uneven nature. Table 6 depicts both the massive growth of the numbers of users and the percentage of the global population being connected.

Figure 9.1: **Internet usage growth**



Source: http://www.internetworldstats.com/, accessed 1 October 2009[13]

Table 9.6: **World internet usage and population statistics**

Africa	933 448 292	14,2	43 995 700	4,7	3,5	874,6
Asia	3 712 527 624	56,5	459 476 825	12,4	36,9	302,0
Europe	809 624 686	12,3	337 878 613	41,7	27,2	221,5
Middle East	193 452 727	2,9	33 510 500	17,3	2,7	920,2
North America	334 538 018	5,1	234 788 864	70,2	18,9	117,2
Latin America/ Caribbean	556 606 627	8,5	115 759 709	20,8	9,3	540,7
Oceania / Australia	34 468 443	0,5	19 039 390	55,2	1,5	149,9
World total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: http://www.internetworldstats.com/. Accessed 1 October 2009

On aggregate, Africa has not performed as well as other less advanced economies, such as the East Asian newly industrialised countries and some parts of South America. Its growth rate of more than 800 per cent is, however, second only to the Middle East. When viewed against the penetration rate, Africa represents the most dynamic, with the highest level of potential growth. The latter is, however, a construction of infrastructural capacities and domestic capabilities. These historical legacies, often described as deficiencies, are generally indicative of low baselines. In some instances, technological leap-frogging offers the continent the ability to transcend earlier, and more costly, investments, in favour of innovative solutions, such as mobile telephony expanding faster than fixed-line telecoms.

On the whole, Africa in general, and Southern Africa in particular, are tasked with redressing accumulated marginalisation and economic exclusion, which spans centuries. Most democratically established formations seek to redress the conditions of combined and uneven development that globalisation has facilitated in extending beyond the boundaries of the core capitalist nations of the world. On this note, and based upon the elaborate explication of context, we can now turn to emergent recommendations from the extensive consultative process of the Helsinki Process on Globalisation and Democracy.

Global economic policy reform: some recommendations

Emerging from the recommendations of the previous workshops is a sense of urgency based on a clearer exposition of the effects, impacts, and outcomes of various reform initiatives. It is indeed time 'to re-think the current global economic policies and redefine policies which allow national governments and leaders to define and defend the right to development that builds human capabilities and self-reliance so that development improves choices and living standards for the world's poor' (Ruiters & Pressend 2006).

It is, of course, necessary for any entity that purports to be concerned about being marginalised to seek ways of articulating its positions in a form consistent with redressing exclusion. It is argued that the processes of NEPAD and the establishment of the AU have now created an organisational superstructure through which the continent of Africa can speak from a position of conformity and consensus.

It is therefore consistent that efforts should be made to ensure that recognition be given to how the participation of ordinary Africans is being linked to mainly con-federal interstate agreements. The proposal for a better arrangement, wherein both public and private interests are represented, will ensure that the AU and NEPAD are legitimised as representative of the voices of the more than 900 million people on the continent. This will also ensure that the AU's place as an 'apex organisation' is legitimised. The legitimacy will also enhance its claim to sovereignty across the continent.

To ensure that this is viable, its structural configuration should ensure transparency and uncomplicated mechanisms for consultation and redress. Government, non-governmental, and civil-society organisations must be included so as to assist this institution in conveying the collective voice of Africa into the multiplicity of forums concerned with establishing and maintaining the trade regime at a global level. It will also enable the weaker members to gain from the collective strength of the continent.

Supporting such an instrument should be a diverse range of research and evidence-generating agencies which have the analytical capabilities to monitor, evaluate, and generate learning for rapid and robust selection by the 'apex organisation.' Most of these already exist in a patchy and unintegrated form. Existing organisations should help with this process of reintegrating, and develop mechanisms for building transcontinental competencies.

SADC already exists, and has many processes in place. Yao Graham has also made the point consistently that regional economic integration – greater regional trade flows and less dependence on 'external' trade – is a crucial factor in reducing dependency and in stimulating growth. More bilateral trade, economic co-operation, trade infrastructure, and agreement among trade blocs in the region are an important way to reduce dependence. As with the 'apex organisation', questions regarding the representation of non-governmental groups and CSOs should be considered as an important aspect of ensuring that legitimacy, transparency, and accountability is ensured and enshrined institutionally.

The process towards enhancing intra-regional exchanges needs to be invigorated, and adequate provision made for sharing knowledge, learning, and good practices. Harmonising rules within the regional bloc will also ensure that problems confronting the region are readily assimilated, and transformed into opportunities and challenges.

Some empirical work to maintain good statistics will also assist in ensuring that these structures add value to the ultimate objective of the five regions being more than the sum of their individual constituents. Strong regions will contribute to an increase in shared identity, moderate the effects of national inequities, and reduce the scope for conflict. Measures in terms of multilateral agreements on defence, the environment, biodiversity protection, and planned energy infrastructures will again serve to enhance the service offering of such a tier of associations.

Beyond these core concerns regarding the AU and SADC as vehicles to drive reform, the next part of this section makes recommendations about global economic policy reform, especially as it affects issues of global trade, debt management, and mobilising resources for development.

CHAPTER 9

Global trade, diversification in production, and poverty reduction

Global trade offers a range of options whereby economic and technological catch-up becomes possible. While the current Doha Round of WTO trade negotiations is generally considered to have stalled, a glimmer of hope has been evidenced. It is suggested that the increased participation of African countries in the actual negotiations is a significant development. African countries were not only engaged actively in the definition of the mandate for the negotiators, but have been active at every stage, as the negotiations have progressed. However, this active participation has not translated into concrete results to enable African priorities to be addressed holistically. Post-access to markets, the development of endogenous capabilities which enable countries to expand the productive sector, and to build industrial and service competencies, will be crucial for success.

Martin Khor (2003) has pointed out that trade policy set by World Bank and IMF impinges on the local market. These policies support the notion that imports will be better for consumer welfare, and cheap imports will make local markets more efficient. Instead, according to Khor and numerous other researchers, such policy prescriptions have destroyed African economies. They argue that such a policy stance refuses to acknowledge the fundamental contradiction that it is only if consumers have money to pay for goods, that they will the benefit from the achievement of cheaper prices. Furthermore, cheap imports have negative impacts on infant industries. An important policy consideration is that jobs and income are more important. Accordingly, the advice from Khor is that countries should consider the use of tariffs to protect themselves against import surges, and this could even be done within the WTO in terms of GATT article 18, which allows governments to raise tariffs above the bound rate. Khor emphasises that this is even more flexible than the World Bank and IMF.

The process of diversification in Africa's systems of production has been slow and volatile. It has been negatively influenced by the current commodity boom. The search for new stocks of primary resources, especially oil, has significantly induced movement away from the productive sector. Many reports have identified key constraints to diversification as including: problems of ill-advised and badly sequenced industrial policies; poor and decaying infrastructure that raises production costs; high sovereign risk due, especially, to political instability, which discourages investment in new activities; and rigid macroeconomic frameworks that limit the possibility of demand-led growth strategies.

Diversification plays a key role in helping countries not only to achieve higher growth rates, but also to sustain these growth rates over a long period. Indeed, it is a means of hedging against exogenous shocks, arising, among other things, from the vagaries of international commodity markets. Diversification also plays an important role in increasing productivity and maximising the impact of growth on employment creation, a key mechanism for raising the population's standard of living and reducing poverty.

African countries need to design diversification policies for Africa at three levels: macroeconomic policies to support diversification, trade and sectoral policies to deepen diversification, and strengthening institutions to enhance diversification efforts. Flexible macroeconomic policies that, especially, allow countries to achieve high levels of public investment are critical to a successful diversification agenda.

Policies are also required to facilitate the development of enterprises in the productive sector. These hold the promise of reducing poverty in a sustainable manner. There is a need for an enabling business environment, including good governance, and sound legal and regulatory mechanisms that foster transparency and the creation of new enterprises. The latter is a critical factor in providing productive employment.

South-South co-operation in trade, finance, and technology development needs further support and strengthening. It is in this context that developing common science and technology systems will help facilitate technology transfer and upgrading. Increasing financing for research and development is essential to encourage innovation, and to increase the contribution of productivity in economic growth. This would then enable these countries to reap maximum benefits from their diversification efforts.

Debt management

The conditionalities for debt repayment have impacted negatively on Africa's development, and African governments should exercise caution about accessing World Bank and IMF loans, with their accompanying conditionalities. New opportunities for expanded policy space are afforded by the recent Multi-lateral Debt Relief Initiative (MDRI), and the potential for countries to utilise the policy autonomy that accompanies the irrevocable and upfront cancellation of debt of, potentially, 40 countries, including many from the African region. An important consideration is for national governments to avoid further unsustainable debt creation from the World Bank and IMF.

Mobilising finances for development

The experiences of most developing countries that have achieved significant gains in improving the quality of lives of their citizens have stressed the need to consider mobilising financial resources for development in a holistic manner. Concurrently, it has been recognised that these resources are critical to the achievement of the internationally agreed development goals, including the MDGs.[14] It remains necessary to ensure that more efforts are placed in the mobilisation of domestic resources, with the simultaneous responsibility to build up state revenue-generating capacities, ensuring proper stewardship over development finance institutions, and also devising innovative sources for development finance.

The capacity of many of the states in SADC to harness their domestic tax-collecting is weak. This needs urgent attention, if countries are to compensate for current dependency on trade taxes, and reduce capital flight. Much can be learned from successful reforms of government revenue systems, both globally and locally. Evidence abounds about the positive effects of utilising domestic savings to finance the required investments for meeting the MDGs. Unfortunately, the current level of domestic savings does not allow for this mechanism to provide an immediate remedy. We should, however, plan for its realisation in the medium to long term. This could also be considered as a proposal that plans for success. Ensuring that the formal instruments are actually encouraging savings is also important, as South Africa has learnt through its socio-economic experiment in low-cost banking.

The increasing frustration with traditional multilateral financing options has led some governments to begin thinking about alternatives to fulfil their financing needs, while at the same time breaking their dependence on capital, and influence, from the United States and Europe. This rethinking is accompanied by the fact that the World Bank has suffering its most damaging scandal to date.

Venezuela and Argentina recently launched the new Banco del Sur (Bank of the South), pledging more than US$1 billion to get the institution up and running in the next few months. Although the details are currently being worked out (a 90-day deadline has been established to define some basic operating rules) several other countries have agreed to join: Brazil, Bolivia, Ecuador, and Paraguay will also be founding members. Additionally, Nicaragua, several Caribbean countries, and even a few Asian nations have expressed interest in participating in the new multilateral institution. In a clear departure from the undemocratic and paternalistic governance structure of the World Bank, the Bank of the South is based on a model wherein no single country has the veto or right to make deciding appointments, or be the sole owner in the new institution. Although not fully defined, there has been indication that voting power will be based on financial need, rather than monetary contribution or political weight. But beyond the critical structural and political delineation, the real challenge will be to create a development-financing institution that does not only look different from its ancestor. It must ensure that it actually thinks and acts differently. This means that member countries will need to think long and hard about how development will be defined, and how it will best be achieved.

Ensuring that a single and effective development finance institution exists for the region is also important. Such a body could imaginatively seek to provide a single entry point to the various development-assistance schemes that confront individual countries. It could ostensibly be anointed as the custodian of developmental experiences and planning competencies. Such a regional effort would reduce the learning costs and risks associated with major infrastructural investments.

Private capital flows need to be better understood and appropriately monitored. The interconnectedness of the region's economies allows for an expansion in opportunities. Mitigating the risks of sub-imperialism also requires more careful data collection, collation, and verification. Ensuring legitimate empirical information would allow for a better grasp of the emerging dynamics, and for appraisal of the roles played by individual states. This, in turn, would allow a more equitable development path, which does not privilege states already advantaged, but does not impede growth. Increases in productivity and competitiveness should accrue to the region so as not to further marginalise impoverished states. This would go a long way towards recognising that the Bretton Woods Institutions do not have a monopoly on technical competence, and that a wealth of expertise exists elsewhere, including in the UN system and the non-governmental sector, and among local policy-makers.

Mobilising knowledge resources for development

Good governance, based on democratic accountability and participation, combined with the progressive expansion of productive enterprises, will afford the means to ensure that the above-mentioned institutional arrangements are piloted and enabled to succeed. All of these forward-looking objectives require increasingly sophisticated technical capacities, capabilities, and competencies. The past five decades of Southern Africa's history have witnessed the incubation of various local organisations that have, for the most part, tried to remedy problems, albeit in an isolated and fragmented manner. With devices such as the African Peer Review Mechanism in place, the possibilities of building a recovery programme that draws from the collective experiences of agencies beyond the narrow confines of government are increasing. This should assist in bolstering and enabling the provision of local technical support for a legitimate AU and SADC. The main aim of such a knowledge production and brokerage function should be to encourage evidence-based policy formulation. Ancillary tasks include ensuring the training of skilled people and a radical break from command-and-control rituals of power. This knowledge and technical support facility must also engender collaboration and co-operation, rather than narrow competition, among sub-critical autonomous and disparate institutions.

Endnotes

1 Enver Motala, Calestous Juma, Mario Scerri, and workshop participants provided valuable comments on the initial draft. Erika Vegter contributed immeasurably in assembling the various data tables.

2 Cited by Wikipedia as Shariff 2003.

3 Drawn from Shivji 2005.

4 See Annex 2 for a list of member states and accession dates.

5 At least in so far as their domestic policies and practices are concerned, since it could hardly be claimed that this is the case where countries like the United States, United Kingdom, and Australia, in particular, are concerned with constitutional democratic norms in relation to their activities in Iraq and their track record relating to the 'war on terror'.

6 For wider discussion, see www.redefiningprogress.org.

7 Articles of association at www.imf.org.

8 Table adapted from Wikipedia (http://en.wikipedia.org/wiki/International_trade, accessed 21 May 2007). Original sources include WTO n d; BBC News n d; Brakman et al 2006.

9 Emergency food aid is included with developmental food aid up to and including 1995. Technical co-operation comprises both free-standing and investment-related: developmental food aid: 1975–2004; emergency and distress relief: 1992–2004; debt forgivenes (grants): 1988–2004; imputed multilateral flows: 1973–2004, that is, making allowance for contributions through multilateral organisations, calculated using the geographical distribution of multilateral disbursements for the year of reference.

10 www.oecd.org/document/18/0,2340,en_2649_3236398_35401554_1_1_1_1,00.html.

11 Other dimensions include culture, media, migration, remittances, food safety, food security, international crime, privacy protection, the spread of viruses, and the extraterritorial application of national law (Van Liemt 2004: 2).

12 IMF Dataset.

13 On this website (© 2007, Miniwatts Marketing Group), demographic (population) numbers are based on data contained in the World-gazetteer website and internet usage information comes from data published by Nielsen//NetRatings, International Telecommunications Union, local NICs, and other reliable sources. Detailed information is available at www.internetworldstats.com.

14 At a special high-level meeting with the Bretton Woods institutions, the WTO and UNCTAD, 24 April 2006.

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