

Winning Support for Global Action

If there are many possible ways in which the global community can help poor country democracies achieve poverty reduction, why is action falling short of what can be done?

In answering this question, it may be useful to ask first why the global community should be interested in combating poverty, and then proceed to consider some possible ways in which it could be persuaded to be bolder in its approach.

16.1 The Strategic Interests of the Global Community

Is there any reason other than empathy with the world's the poor why the global community should make poverty reduction a priority? One could argue that there are several powerful reasons for this:

- The fragility of global peace and security, when deep poverty and authoritarian rule persist. The events of 11 September have added even greater urgency to combating deep poverty;
- The threats to the environment that poverty poses, with cross-border implications;
- The spread of disease that cannot be effectively controlled without tackling poverty – for example HIV/AIDS, tuberculosis and malaria;
- Poverty and conflict-induced migration, and the pressures that it brings with it;
- Limits imposed by the persistence of poverty on the growth of world markets.

As Commonwealth Heads of Government stated in their Fancourt Declaration of 1999:

The persistence of poverty and human deprivation diminishes us all. It also makes global peace and security fragile, limits the growth of markets, and forces millions to migrate in search of a better life. It constitutes a deep and fundamental structural flaw in the world economy.

There are thus powerful reasons for determined global action for poverty reduction. Yet, as we have seen, the level of global support provided falls short of what is needed. Why? It could be argued that the necessary political will is lacking because of lack of full appreciation of the gravity of the situation. That well might be, even though, the events of 11 September have made people all over the world aware of the fragility of peace and security. Better understanding and dialogue among world leaders in forums such as the G8, the UN and various summits such as the biennial meetings of Heads of Commonwealth Governments, a more active role by the global think tanks, more scholarly work and

better advocacy by NGOs and the media will all clearly help in promoting a better understanding of what is at stake.

16.2 Win–Win Approaches

But should we not also ask: are there not, perhaps, deeper reasons than mere lack of appreciation of the gravity of situation for the lack of effective and adequate action to combat poverty? Is it not possible to argue that while there is a collective appreciation of what needs to be done, each nation is tempted to take decisions in the light of costs and benefits to itself? Despite appreciation of the value of combating poverty, individual nations may still not take action if they believe that other – possibly bigger – countries will take the steps needed (the free-rider problem). Or they may believe that the costs outweigh the benefits at the national level; or the threat of agitation by particular sections of their own population against the contemplated measures to combat international poverty may convince politicians that the international good is not worth the loss of domestic electoral support (for example France's opposition to the reform of the Common Agricultural Policy). In discussing how international action can best be promoted, it may therefore be useful to consider possible strategies by which coalitions can be built up internationally for greater action in combating poverty, in the light of the following typology of measures:

- **Win–win measures**, that benefit everybody (for example action against terrorism, reduced vulnerability to financial crises, support for international safety nets, better financial architecture, the issue of SDRs);
- **Zero-sum measures**, where benefits for one group can be achieved only at the expense of another (for example changes to the TRIPS regime, more democratic decision making in IFIs);
- **Short-term vs long-term measures** that distinguish between measures that can bring benefits in the short run (for example confiscation of the financial assets of terrorists) and measures that bring benefits in the long run but involve short-term costs (increased support for conflict resolution, peace-keeping, support for democracy, debt cancellation, increasing ODA);
- **The free-rider problem**: where action may be delayed because individual nations try to avoid costs in the expectation that others will pick them up (for example protection of the environment, combating HIV/AIDS and other diseases);
- **The compensation problem**, where action is delayed because of lack of political processes needed to compensate losers within nations even if the proposed measures are of net benefit to the nation as a whole (for example the dismantling of agricultural subsidies and removal of barriers to trade in agriculture);

- The need to achieve almost universal co-operation for measures to be effective (for example combating money laundering, halting the depletion of the ozone layer).

If considerations such as the above partly help to explain the failure to act despite the urgency of the problem, what particular measures can help facilitate action?

- **Collective concordats:** It can be argued that where the compensation or free-rider issues are holding up action, the forging of collective agreements by the nations concerned that are legally, or morally, binding can help movement forward. An example of this is the possibility of the EU collectively agreeing to dismantle subsidies for, and barriers to, trade in agriculture, so that each national leader can then try to convince domestic sectional interests that he/she has no choice. Another example is the Kyoto Protocol, even though it is disappointing that the country contributing the largest emission of harmful green house gases, the US, has not so far signed it.
- **Peer pressure:** Peer pressure and the invocation of the threat of selective sanctions – as has been done by the Commonwealth Ministerial Action Group – could be effective in promoting resolve for action.
- **Invoking the authority of the UN Security Council,** where universal co-operation is required and where the issue in question is of over-riding importance for the survival of humanity or the restoration of peace – as has been done in the case of combating terrorism.
- **Market boycotts by citizens** against the products of countries or companies which refuse to join collective action – for example the anti-apartheid boycotts of banks – could be a powerful instrument in changing perceptions about national costs of not taking action.
- **Action by civil society groups,** for example the Jubilee 2000 movement for debt forgiveness, that could help to build up electoral support.
- **The setting up of Eminent Persons Groups,** such as the Commonwealth Expert Group on Democracy and Development, to identify win-win policies, and build up cogent arguments for international action.
- **The setting up of global trust funds** for the provision of public goods and financing them through collective concordats, such as the scheme proposed by George Soros which proposes the allocation of SDRs for meeting the costs of public goods in specified areas.
- **Concordats between developing countries and industrial countries** such as NEPAD, proposed by the African leaders and welcomed by the G8.

One could think of other examples. The basic principle driving these suggestions is that in an interdependent world, there must be a willingness on the part of the rich as of the

poor to pool sovereignty and create binding agreements that not only help to overcome sectional interests at the national level, but also help to avoid the free-rider problem and secure better compliance. For such an approach to succeed, the major nations of the world should be willing to come to the negotiating table with a view to reaching agreement and abiding by it (the example of the US in regard to both the Kyoto Protocol and the International Criminal Court is not encouraging in this regard). The World Summit on Sustainable Development in South Africa offered an opportunity to agree an action-oriented agenda to tackle poverty and the problems of the environment, focusing on win-win approaches and ways of avoiding the free-rider problem.

An issue for consideration, therefore, is: is there scope for a wider application of the above principle than is the case already? If so, is the global community willing to seize this opportunity?

16.3 Socially-responsible Business

We noted above that poverty limits global markets. This is clearly of concern to global business whose profitability is linked to global prosperity. Global business also wishes to operate in a secure and peaceful environment. Is there not scope for global business to play a significant role in helping democracies to combat poverty?

We have already identified a role for global business in combating corruption. But there is much else it can do that would help to reduce poverty on the one hand and promote profitability on the other. For example, it could:

- Take positive action to protect the environment. By doing so, it could promote the long-term sustainability of its operations.
- Take a direct interest in promoting the education, training and health of the communities in which it operates. Such measures would enhance the likelihood of securing a more productive working force, helping to cut costs.
- Promote good corporate practice and build up confidence in the market economy.
- Be open to entering into private-public sector partnerships, where each sector brings its respective strengths to deliver projects or public services that have strong external economies.

One can see the potential. But will business be motivated to take such action?

One problem is the free-rider problem. Global corporations which have significant businesses in a country could over-ride this concern to some extent, as the external economies associated with poverty-reducing projects can become internalised as the benefits cut business costs and enhance demand for their products. As global businesses they could also enter into concordats with each other.

Where the free-rider problem is a real constraint, it may make sense for chambers of commerce or other business associations to establish guidelines and use peer pressure –

much as we expect the international community to exercise peer pressure against countries lapsing from democracy – and promote action. Governments might facilitate such action by allowing space for the corporate sector to play a positive direct role in undertaking projects that will help to reduce poverty, within established guidelines.

It is evident that there is considerable interest within the corporate sector in pursuing such courses of action. As the *Financial Times* has noted,⁵⁰ with a growing groundswell against globalisation, the private sector is now prepared to turn up at such forums as the Johannesburg Summit and face its critics. While some of the companies represented at the Johannesburg Summit were there to showcase existing projects, the big idea at the summit was the willingness of the corporate sector to enter into collaboration with governments and NGOs in supporting development projects. For example, Alcan, a Canadian aluminum company, is planning to help villagers in Bangladesh to remove arsenic from their water supplies. Vivendi Water, the French utility, is working with South African cities to improve water quality and sanitation services. The World Business Council for Sustainable Development and Business Action for Sustainable Development are also examples of growing interest on the part of the private sector in collaborating in the fight against poverty.