Valentina Sara Vadi*

There are not so many topics as timely as development in the international law discourse. This multifaceted concept and the challenge it poses have generated lively debates at the international level. Development is the major topic of Losing the Global Development War which not only provides an overview of the conceptual breadth of the term but also analyses and critically assesses the current criticisms against the three major international organisations dealing with this objective; i.e., the World Trade Organisation (WTO),¹ the International Monetary Fund (IMF)² and the International Bank for Reconstruction and Development (IBRD)³ or World Bank. First, the author explores the state of the art and the institutional aspects of the three international organisations. Second, he scrutinises the current criticisms directed at these organisations. He does so enucleating the major themes and highlighting the merit of some critiques, while dismissing others. He further underscores some proposals to improve the functioning of these institutions. Finally, he stresses that, in order to win the global development challenge, internal development within the proposed institutions is needed, in order to cope with the evolving needs of the international community.

In this review, after briefly defining the structure of the book, I intend to look at some of its core issues.⁴ The volume is divided into six parts: the first is an introduction to the work and defines its scope of enquiry; the second summarises the contemporary critiques to the global economic organisations; the third describes the historical origins and the structure of these institutions. Chapters four and five offer the author’s assessment of the criticisms that apply to the policies and operations of the global economic organisations. Interestingly, the author divides these criticisms in two broad categories; looking at how the organisations in

---

* Lecturer in International law, Maastricht University; Ph.D. European University Institute; M. Juris in European and Comparative Law (Oxon); J.D. and M. Pol. Sc. (University of Siena). The author wishes to thank her colleagues Angelos Dimopoulos, Sacha Garben and Chien-Huei Wu for their comments on a previous draft. The usual disclaimer applies.

² Articles of Agreement of the International Monetary Fund, 22 July 1944; entered into force 27 Dec. 1945.
⁴ J.W. HEAD, Losing the Global Development War.
concreto behave in relation to the populations of their member countries and then at how they
institutionally behave in relation to their member states. Lastly, chapter six deals with the
pivotal question whether the examined organisations should be reformed and, if so, what
specific types of reforms should be undertaken. Three Appendixes suggesting bibliography
and containing key documents for a better reading of the book respectively follow chapter
two, chapter three and chapter six.

I. The linkage between development and peace

In a preliminary way, the author explores the linkage between development and peace,
as he highlights that harmonious development is conducive to peace and growth. Indeed, this
idea is at the heart of the Bretton Woods system, which stemmed from the view that the
economic policy mistakes made during the inter war period from 1920 to 1940 were a major
cause of the economic crises that led to World War II. The Great Depression, the harsh
reparations policy toward Germany and generalised protectionist policies had led to the
myopic economic and political isolationism of states. Thus, after World War II, a consensus
was reached by major international actors on the importance of establishing international
economic institutions that would promote peaceful and co-operative relations among nations
in economic and political matters, preventing these mistakes from happening again. Professor
Head highlights that the relative unitary ideology that emerged and grew after World War II is
now under attack. He identifies an ideological war or a “growing global ideological
fragmentation” vis-à-vis the challenges posed by global development and the ways to achieve
it.

The author also suggests that the war between the established system and its opponents
is currently being lost by the former in three related respects. First, the international
community is failing to expand and improve on the multilateralism of the past. The recent

---

5 The Bretton Woods conference was held in 1944 and determined the inception of the charters of the IMF and
the IBRD. Although the GATT was not formed at the Bretton Woods Conference, the participants at the
conference nevertheless contemplated the necessity of an international trade organisation or ITO, and it is
generally held that IMF, IBRD and the GATT comprised the Bretton Woods System. As Professor Jackson
highlights, “in some ways, the WTO, after many years, has become ‘the missing leg’ of the Bretton Woods
‘stool’”.

6 UN Charter, Articles 55 and 56.
7 J.W. HEAD, Losing the Global Development War, p. xv.
8 Ibid., p. xii.
9 Ibid., p. xiii.
deadlock of the Doha Round of trade negotiations reflects this lack of co-operation and motivation. Second, critics shed doubts on the global economic organisations claiming not only that the ideological foundation on which they rest is misconceived, but also that deep institutional failings require that those global economic organisations be abandoned. Third, “just as nature abhors a vacuum, likewise any drop in commitment to improving and expanding upon the multilateral ideology and institutions […] will naturally attract competitors”. The author identifies bilateralism and regionalism as such competitors.

As the author believes that the development war is now being lost, which is the reason of the awkward title of the book, his purpose is to offer views and recommendations to reverse this course of action in order to ultimately win the global development challenge; the reason of the wishful title of this review. After scrutinising the various and multi-faceted critiques to the global economic organisations in chapter II, he then offers a detailed analysis of the structure and functioning of these organisations. In so doing, he clarifies that while some criticisms of the global economic organisations “are simply base off because they rely on outdated information”, others rely on “fundamental misunderstandings of what those organisations are”. In this sense, clarifying the institutional structure and the operation of these organisations is fundamental to ultimately overcome unsubstantiated critiques.

The ultimate purpose of the book is to “contribute firepower -in the form of information and persuasive explanations- to [the ideological] counterattack”. Such ideological counterattack would be based on “the need to forge a new consensus for multilateralism and particularly to encourage the adoption of an ideology of liberal, intelligent, participatory, multilateral and sustainable human development”. In the end, the author admits that this objective may be ultimately regarded as “an appeal to our better selves, our smarter selves to participate in the effort”.

---

10 Ibid., p. xvii.
11 Ibid., p. xvii.
12 Ibid., p. xv.
13 Ibid., p. xv.
14 Ibid., p. xv.
II. The global development war

This section analyses and comments upon some of the key concepts of the book.

A. On war

One of the most interesting claims in the book is the comparison of the global development challenge to a war. Although the author clarifies that the term war is used in a manner that “falls outside its technical definition for purposes of international law”, and other authors have similarly used the same concept to refer to a ‘war on terrorism’, one may wonder whether using emphatic terms with regard to economic and social phenomena may lead to the perilous slippery slopes of misunderstandings. Even admitting that “the term war may be used in many ways” and that -in a very broad sense- the development challenge may be seen as a war among different ideologies, the use of the term war would need more precision and determinacy.

Still, there is some value in describing development as an ideological war. First, it amplifies the concept of challenge inherent in the contemporary development discourse and practice. Second, it opens a stimulating debate on the linkage between peace and development. The author affirms that failure to reach development “has military repercussions in the sense that many countries suffering economic distress find themselves drawn to violence, including military violence”. The author also stresses that poverty might be considered one of the determinants of terrorism. Whilst one may agree on the synergy between peace and development, the linkage between poverty and terrorism seems more controversial. Does poverty constitute the real rationale behind terrorist activities? If development was achieved, would the world be free of violence? These are open questions:

\[Ibid., p. 42.\]
\[Ibid., p. 42.\]
\[Ibid., p. 28; claiming that “the global development war may be seen as a war over the developmental ideology that is to be adopted and followed in the coming years”.\]
\[J.W. HEAD, Losing the Global Development War, p. 1.\]
\[Ibid., pp. 42-43.\]
this review will just point out that the linkage between development and peace would surely deserve further study by political scientists.

**B. On development**

The book dedicates just a few lines to the historical roots of the contemporary development debate. Further, the problems and debates related to the New International Economic Order (NIEO) and the Declaration on the Right to Development are only cursorily mentioned. By contrast, an accurate analysis of the historical origins of the development discourse would have been important to properly understand the current debate about development as the contemporary critiques to the international economic organisations echo the above mentioned NIEO demands.

After the break up of colonial empires more than one hundred new independent countries emerged, for whom development became the core concern. In this context, the NIEO was a set of proposals put forward during the 1970s by developing countries to promote their interests by improving their terms of trade, increasing development assistance, developed-country tariff reductions, and other means. The NIEO was meant to be a revision of the international economic system due to its alleged inequalities. As Professor Petersmann highlighted, these demands “did not constitute a coherent system, but rather a list of sometimes inconsistent demands relating to development and to North-South relations without a consistent overall concept […]”; alongside the traditional free trade aims can be found the demand for ‘international co-operation for development’ and ‘promotion of international social justice’ [Chapter I, m, n of the Charter] for the purposes of establishing a ‘just and

---

21 Ibid., p. 219.
24 UN General Assembly, Resolution 1514 (XV), 14 Dec. 1960, Declaration on the Granting of Independence to Colonial Countries and Peoples.
equitable economic and social order’ [Preamble of the Charter].”27 As Professor Petersmann further highlighted, equity seemed to be “the fundamental principle which resolve[d] disputes between the simultaneous demand for economic independence for LDCs and organised solidarity”.28 The fact that the NIEO concept was not translated into a legally binding system, as OECD countries rejected it and majority GA resolutions generally have no binding character per se except in a few exceptional cases, has not meant that these attempts have not generated any effect. Indeed, preferential economic treatment has been gradually introduced in international economic law lexicon, inter alia through a series of WTO norms.29 The International Development Association,30 an affiliate of the World Bank, was established to address the economic problems of the developing countries.31

Professor Head rightly clarifies that “preferential economic treatment for LDCs does not rest on a purported right to development but instead has emerged exclusively from particular circumstances specially negotiated”.32 Therefore, the author defines the concept of development but carefully avoids direct reference and analysis of the Declaration on the Right to Development. Although the Declaration is not binding, it constitutes an interesting intellectual effort and would have provided an excellent starting point for definitional issues.33

C. Defining economic, sustainable and human development

The term development presents a cluster of meanings.34 Although the author appropriately defines these different meanings, he omits any reference to human rights instruments, which have much elaborated and ‘developed’ the concept. The author firstly explains the traditional concept of economic development. In a narrow sense, economic development refers to the building of physical infrastructures. In a broader sense economic development also encompasses the creation and strengthening of processes and institutions involved in the operation of the economic activity.

28 Ibid.
29 See for instance: TRIPS Agreement, Article 65.
30 The International Development Association (IDA) (439 UNTS 249) was established in 1960 to provide lower-cost loans to poorer countries unable to afford the lending terms offered by the IBRC.
31 J.W. HEAD, Losing the Global Development War, p. 13.
32 Ibid., p. 220.
Second, the author defines what may be called human development. Reference to the Declaration on the Right to Development would have provided some food for thought, as this instrument affirms that “the human person is the central subject of development and should be the active participant and beneficiary of the right to development”. Whatever the legal status or conceptual merit of the Declaration, in recent years, the definition of development has broadened to include not only economic elements, but also social elements. As the author highlights, “the more modern view holds that the overall aim of the development process is to serve the complete well-being of people, not just their economic well-being”. In other words, “development issues can and should be seen as inextricably linked to the well-being of the average person, whether in a rich country or in a poor country”. Head further explains that well-being is a broad concept which includes job, comfort, future, and protection from disease and violence.

Third, the meaning of sustainable development is explored. Sustainable development can be defined as a form of development that “meets the needs of the present without compromising the ability of future generations to meet their own needs”. In other words, sustainable is a pattern of resource use that aims to meet human needs while preserving the environment so that these needs can be met not only in the present, but also in the future. A sustainable approach to development is one that takes account of economic, social and environmental factors to produce projects and programs which will have results that are not dependent on finite resources. Importantly, Head highlights how “improvident development efforts are those that do not pay […] attention to environmental protection and resource conservation, including conservation of cultural resources such as language, sacred lands, and World Heritage Sites”. Although global economic actors have gradually placed emphasis on environmental protection, Head questions whether they have done enough in this regard.

35 Declaration on the Right to Development, Article 2.1.
36 J.W. HEAD, Losing the Global Development War, p. 15.
See also, among the most prominent proponents of this view: Nobel laureate AMARTYA SEN, whose 1999 book Development as Freedom urges that development should be seen “as a process of expanding the real freedoms that people enjoy”.
37 Ibid., p. 29.
39 J.W. HEAD, Losing the Global Development War, p. 28.
40 Ibid., p. 28.
D. Multilateral, bilateral or regional?

With regard to the ways to undertake development efforts, Head highlights that a crucial question deals with the relationship between multilateralism and regionalism, a vital issue in contemporary international economic law discourse.\textsuperscript{41} From an historical perspective, in the aftermath of World War II, the preferred approach was multilateralism. In the area of trade policy, for instance, the General Agreement on Tariffs and Trade anticipated worldwide participation and so did the International Monetary Fund and the World Bank.

Nowadays, there seems to be a fragmentation of regimes at the international law level. Indeed, the recent flourishing of regionalism and bilateralism in international economic relations has raised questions about the quality of these relations and the compatibility of \textit{nested institutions} with the existing multilateral system. The rapid growth of regionalism and bilateralism carries worrying implications for the international economic system in terms of stability, fairness and coherence. Still, bilateral investment treaties and bilateral free trade agreements have been actively pursued both by developing and developed countries. Head holds that “one way in which we are losing the global development war is by permitting ideological and institutional alternatives to gain influence and to displace the kind of multilateralism that emerged out of World War II”.\textsuperscript{42}

III. The ‘cacophony’ of criticisms attacking the global economic organisations

Chapter Two identifies the ‘cacophony’ of criticisms that has been directed at the global economic organisations (GEOs). According to Head, among the causes of the world development war is the widespread discontent at the seeming inability of the GEOs to deal with the growing poverty that affects a sizeable portion of the world’s population.\textsuperscript{43} After examining the key criticisms levelled at the GEOs in a disaggregated way -that is, on an institution-by-institution basis-,\textsuperscript{44} Head enucleates eight clusters of complaints to make them easier to study and evaluate. The first four criticisms relate to the policies and operations of

\textsuperscript{41} Ibid., p. 26; the literature on this topic is extensive. 
\textsuperscript{42} HEAD, \textit{Losing the Global Development War}, p. 315. 
\textsuperscript{43} Ibid., p. 49. 
\textsuperscript{44} Ibid., pp. 54-58.
the GEOs, and concern the *laissez-faire* policies of GEOs, and their effects on social justice, environmental protection and national sovereignty. The other four criticisms relate to the institutional aspects of these organisations such as secrecy, opaqueness, democratic deficit, mission creep and asymmetric imbalances. Interestingly, for each criticism, the appendix to chapter II offers an annotated bibliography, distilling a list of citations from a broad range of sources.

**IV. Pars construens: Addressing criticisms**

With chapter three, the *pars construens* of the book commences, offering a description and analysis of the international economic organisations and their functions. This descriptive part reviews the historical origins of the global economic organisations, and briefly describes their institutional and structural features. This description constitutes the premise for the counterattacks contained in chapter four and chapter five, completing the *pars construens*.

**A. In search for a just international economic order**

Chapter four evaluates the first mentioned group of criticisms, in order to separate the valid critiques, the ‘wheat’, from the invalid ones, ‘the chaff’. With regard to the *laissez-faire* approach, or the liberal theory that constitutes the central assumption of the Bretton Woods system, the author firstly addresses this criticism with regard to the WTO. He underlines that a number of studies confirm that increased trade among nations brings economic gain which in turn can bring other benefits, including political benefits; *i.e.*, peace.\(^{45}\) While he rejects the claim that free trade *per se* is a harmful ideology, he does not reject related claims concerning distributional and social injustice that may accompany free trade.\(^{46}\) With regard to the IMF and the World Bank, the criticism to their liberal approach often concerns the policy prescriptions attached to their infusion of funds. Professor Head denies their intrinsic incorrectness.\(^{47}\) While admitting that in some circumstances, the promoted privatisation in unsophisticated economies without an adequate institutional framework has led to negative outcomes, he highlights that “markets must be regulated, and it is the failure to install adequate regulation -on bank lending, on consumer safety, on corporate governance, *etc.*- that

have created havoc in some countries”.48 Thus, he underscores the importance of “careful project appraisal and design”, with regard to the use of environmental impact assessment and social impact assessment.49

With regard to the second and third criticisms concerning social justice and environmental protection that GEOs allegedly would undermine, firstly the author analyses these critiques starting from the WTO. In relation to the WTO, some authors argue that the aggregate economic benefits of free trade would not be fairly distributed either within a national system or among nations and that free trade would trigger a race to the bottom in national environmental regulations. In particular, the environmental race to the bottom criticism would include two aspects. First, businesses would relocate their operations to countries that have lax environmental regulation. Second, governments would compete with each other in an effort to attract business within their borders. After highlighting that the evidence is not univocal, Professor Head stresses that the response to the race to the bottom “should not be to abandon free trade generally, but should instead be to pay more attention to that specific element of the free trade regime […] by strengthening the application and enforcement of multilateral environmental regulations, especially those found in key environmental protection treaties”.50 The author further points out that the criticism that the IMF and the World Bank disregard the environmental effect of the projects at both the design and the implementation phase is outdated.51 Although the author does not provide counter examples, these have been studied by other authors.52

With regard to the fourth criticism that GEOs would undermine national sovereignty, in particular with regard to social and environmental concerns, Professor Head firstly addresses this criticism with regard to the WTO and admits that it “holds water”.53 He maintains that “not only should more lee-way be provided to national governments to implement -without discrimination- environmental protections and human rights protection in a […] manner as they see fit; in addition, the relationship between GATT Rules and

48 Ibid., p. 185.
49 Ibid., p. 187.
50 Ibid., p. 212.
51 Ibid., p. 206.
53 J.W. HEAD, Losing the Global Development War, p. 214.
environmental treaties and human rights treaties should be strengthened”.\(^{54}\) Further, he states that trade rules should not override all other rules but “the substantive protections and the procedural requirements set forth in multilateral environmental and labour treaties -and certain other human rights treaties- should […] take precedence over GATT substantive provisions and procedural requirements”.\(^{55}\) This is a very advanced and perhaps not immediately realisable position. The author admits that some countries have not ratified several environmental and human rights treaties\(^{56}\) and others do not seem to support further advances either in human rights or in environmental protection.\(^{57}\) However, he also stresses that, de lege lata, the WTO Charter itself mentions the objective of sustainable development and that the Ministerial Decision on Trade and Environment issued at the conclusion of the Uruguay Round noted that “there should not be any contradiction between upholding and safeguarding an open non-discriminatory and equitable multilateral trading system on the one hand and acting for the protection of the environment, and the promotion of sustainable development on the other”.\(^{58}\)

By contrast, Head dismisses the claim that the conditionality practices of the IMF and the multilateral development banks encroach on the sovereignty of their member countries. He does so on the basis of two related arguments: first, “as a practical matter, a country objecting to the content of such conditionality can avoid it by declining a loan, or even, in an extreme case, by dropping its membership in the IMF or the multilateral development bank at issue”; second, “international law contains no generally accepted ‘right to development assistance’ under which a country is legally entitled to receive financial assistance from an international financial institutions”.\(^{59}\) However, it is worth highlighting that in international relations self-isolation might not be a realistic option. As the role of the IMF and multilateral development banks on social justice is crucial, this linkage would surely deserve further enquiry.

\(^{54}\) Ibid., p. 216.  
\(^{55}\) Ibid.  
\(^{56}\) Head holds that “the USA should embark […] on a new era of multilateralism that would bear fruit not only in the area of international economic affaire but also in many other areas, including human rights and environmental protection”. \(^{\text{See}}\) Ibid., p. 321.  
\(^{57}\) Ibid., p. 217.  
\(^{58}\) Ibid., pp. 217-218.  
\(^{59}\) Ibid., p. 225.
B. The critiques on the procedural aspects of the international economic organisations

Chapter five evaluates the last four of the eight clusters of criticisms directed at the GEOs, concerning institutional and governance issues. With regard to the secrecy and opaqueness complaint, the author notes that “there is momentum towards transparency” and that the WTO has followed in the footsteps of other GEOs that in the past few years have adopted a transparency or disclosure policy. With regard to the democracy deficit complaint, the author endorses many aspects of the criticism, admitting that too little has been done to address forms of unaccountability that arise from weighted voting system in the IMF, but he rejects the same complaint as levelled at the WTO, because of its one-state-one-vote structure. With regard to the mission creep complaint, according to which the international economic organisations would have overstepped their authority and their competence, this claim is correctly rejected: the broad provisions of their charters allow these organisations to increasingly focus on elements of environmental protection and social justice.

C. The proposed reforms

Chapter five proposes some reforms that would help respond to and overcome the well-founded criticisms enucleated in the previous chapters. While the author holds that “the GEOs have, in general, struck the balance well between (1) charter fidelity and (2) pressure to progress”, he also reckons that GEOs need to be modified to reflect the dramatically new era of international economic relations. In a preliminary way, the author focuses on structural and institutional matters. In particular, he proposes that five institutional principles be formally adopted by GEOs: (1) transparency, (2) participation, (3) legality, (4) competence, and (5) accountability.

At the substantive level, the author stresses the need to strengthen the linkage between international economic law and environmental and human rights protection, in order to ensure that the former does not sabotage the latter. In particular, he focuses on the substantive norms...
and standards that GEO member countries should undertake. According to Head’s proposal, a new type of membership requirement for countries to participate in the WTO or the IBRD should be added, namely a requirement that member countries accept certain key provisions of fundamental treaties. To this end, these institutions charters should be amended to incorporate by reference those treaty provisions. The author adds that “incorporating by reference […] certain other treaty provisions would not only bear on the eligibility of a country to become a member, it would also impose a continuing requirement on each member to adhere to those treaties in order to remain a member”. A similar recommendation is issued with regard to the WTO that should be changed to “eliminate the trade bias”, and incorporate certain trade-related issues into its culture.

V. Concluding remarks

The book under review dissects the current criticisms against the global economic institutions and critically assesses the same institutions through the lens of sustainable development. If one accepts the instrumentalist perspective, which deems the point of legal institutions to use the law to achieve given goals, development may indeed be considered the goal of international economic law. In this context, analysing the structure and the functioning of the IMF, the WTO and the IBRD organisations under the lens of sustainable development is not only appropriate but timely as ever. The text highlights the central issues in the global development challenge.

The entire subject is presented in a consistently though-provoking way. The clear and concise method of exposition makes the book a suitable resource for students and “intelligent

66 The listed treaties that, according to Head, should be incorporated in the GEOs charters, are: the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the Vienna Convention for the Protection of the Ozone Layer; the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; the Convention on Biological Diversity; the Climate Change Convention and its Kyoto Protocol; the International Covenant on Civil and Political Rights; the International Convention on the Elimination of All Forms of Racial Discrimination; the Convention on the Elimination of All Forms of Discrimination Against Women; the Convention on the Rights of the Child; the OECD Convention against bribery [p. 287]. The OECD Guidelines for Multinational Enterprises are also mentioned. A notable lacuna is the lack of any reference to the International Covenant on Economic, Social and Cultural Rights.
68 Ibid., p. 286.
curious readers”71 wishing to get a cursory but smart insight on some crucial issues of contemporary international economic law. An attractive feature of the book is its lively language. While the author ultimately offers a legal perspective, he does so trying to adopt a plain English style, making the text fluid and enjoyable.

More substantially, the major merit of the book lies in its equilibrate approach to the study of the international economic organisations and of their critiques. Although these organisations represent “the institutional means for achieving some of the great and essential aims of our age”,72 the global development challenge can be won, the author asserts, only by adopting an ideology of liberal, intelligent, participatory, multilateral, and sustainable human development. One cannot but agree on such a balanced understanding: it has to be seen whether and how the global economic institutions will evolve and respond to the changing landscape of international relations.

71 Ibid., p. xii.
72 Ibid., p. 276.