

Opinion **Global Economy**

## The west must recognise its hypocrisy

Many countries view the US and European powers as selfish, self-satisfied and insincere

**MARTIN WOLF**



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**Martin Wolf** JULY 11 2023

We have moved into an era of global competition tempered by the need to co-operate and the fear of conflict. The main protagonists are the US and its allies on the one hand, and China and Russia on the other. Yet the rest of the world also matters. It contains two-thirds of the global population and a number of rising powers, notably India, now the world's most populous country.

Nevertheless, relations between the US and China are clearly central. Fortunately, the administration has been trying to reduce the friction, most recently with visits to Beijing by secretary of state, [Antony Blinken](#), and Treasury secretary, [Janet Yellen](#).

## One Must-Read

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Yellen's objective was, [she stated](#), "to establish and deepen relationships" with the new economic leadership team in Beijing. She stressed that this was part of an effort to stabilise the relationship, reduce the risk of misunderstandings and consider areas of co-operation. She added that "There is an important distinction between decoupling, on the one hand, and on the other hand, diversifying critical supply chains or taking targeted national security actions. We

know that a decoupling of the world's two largest economies would be disastrous for both countries and destabilising for the world. And it would be virtually impossible to undertake.”

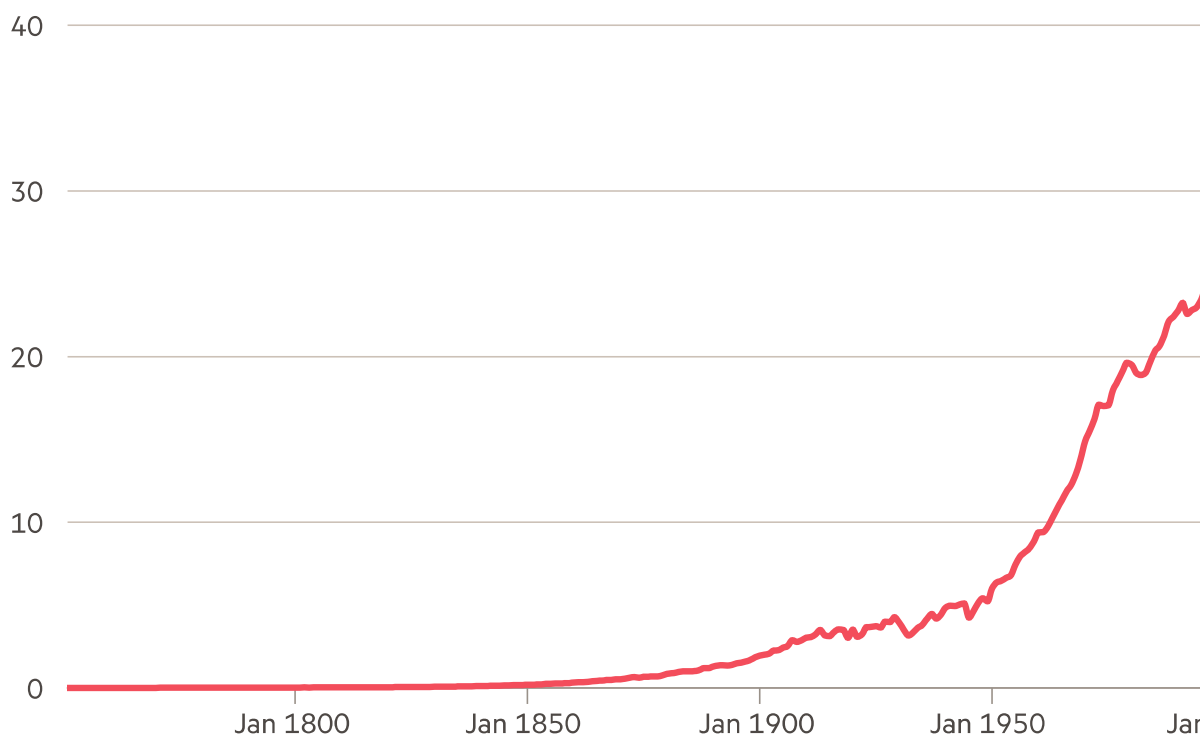
One must applaud this effort to clarify objectives, improve transparency and deepen relations. We must not stumble into hostilities with China as we have done with Russia. Better still, we need to make this relationship work in the interests of the world. Yet the west's concerns must not be limited to relations with China. Better relations with the rest of the world also matter. This requires the west to recognise its own double standards and hypocrisy.

Russia's invasion of Ukraine was a dreadful violation of fundamental moral and legal principles. Many in developing countries also recognise this. But they remember, too, the long history of western countries as imperialists and invaders. Nor do they fail to realise that we care far more about fellow Europeans than about others. Too often, we have viewed grave violations of human rights and international law in developing countries as no concern of ours. Ukraine, many in these countries feel, is no concern of theirs.

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## Global emissions of greenhouse gases have not yet started to decline

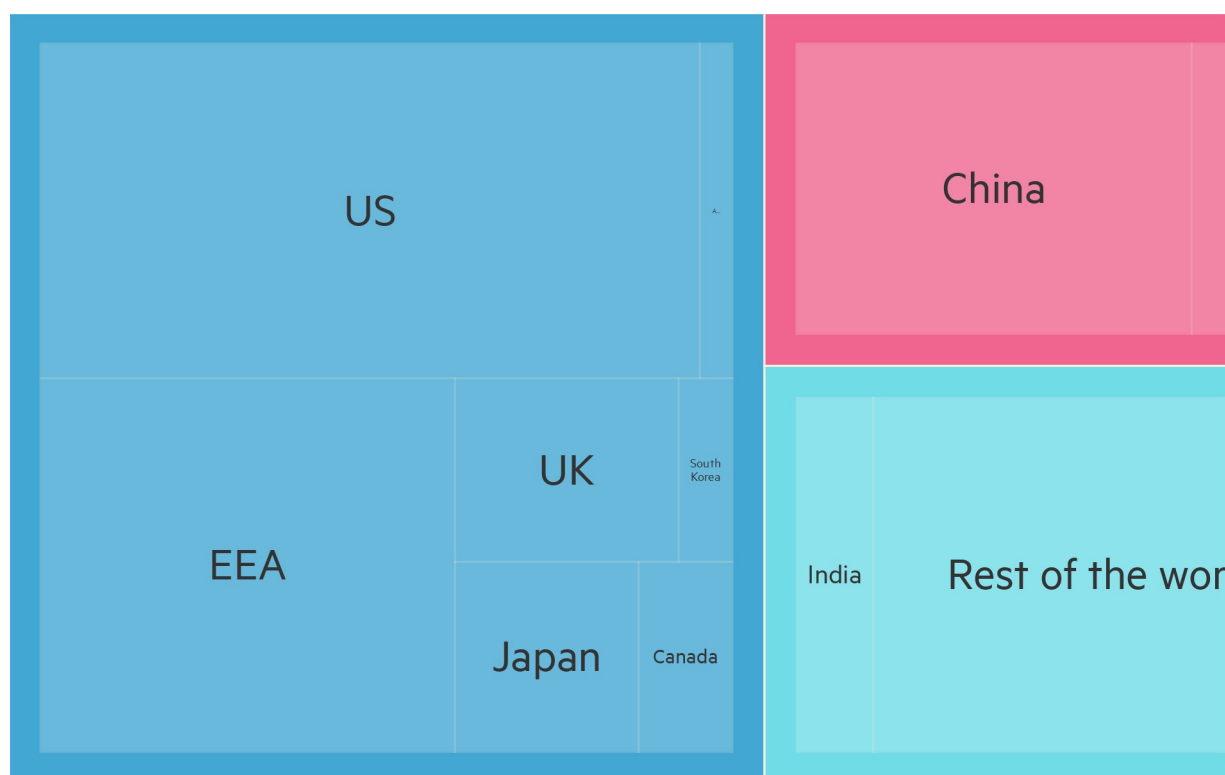
Global annual carbon dioxide emissions\* (bn tonnes)



Then there is trade. In an important speech delivered in April, [Jake Sullivan](#), US national security adviser, repudiated the trading order his country had taken decades to build. More recently, US trade representative [Katherine Tai](#) buried it. Her speech raises many issues. Yet what cannot be ignored is the very fact of the volte-face. Many in developing countries bought into the doctrine of trade openness. Many of them prospered as a result. Now they fear they are left high and dry.

## High-income countries contributed the lion's share of historic emissions of greenhouse gases

Cumulative carbon dioxide emissions, 2021

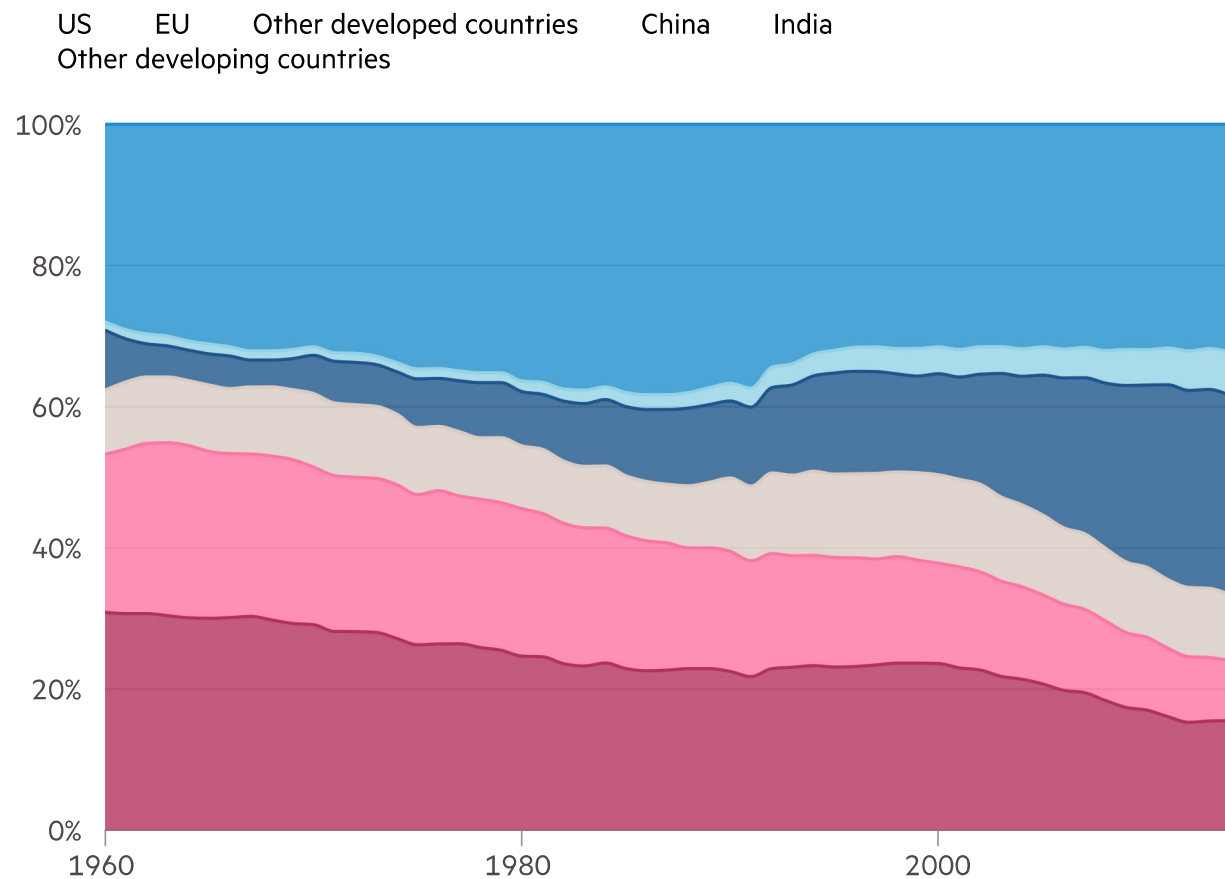


FINANCIAL TIMES Source: Global Carbon Project • Shows cumulative production-based emissions

Yet another significant issue is international assistance. Developing countries have been buffeted by a series of shocks for which they were not responsible: Covid, the subsequent sharp rise in inflation, the invasion of Ukraine, the jump in prices of energy and food and then the higher interest rates. The assistance they have received during this era of shocks has been grossly inadequate. The legacy of Covid for young people, together with the overhang of debt, might even create [lost decades](#).

## Emerging and developing countries are now the dominant emitters of greenhouse gases

% of global carbon dioxide emissions

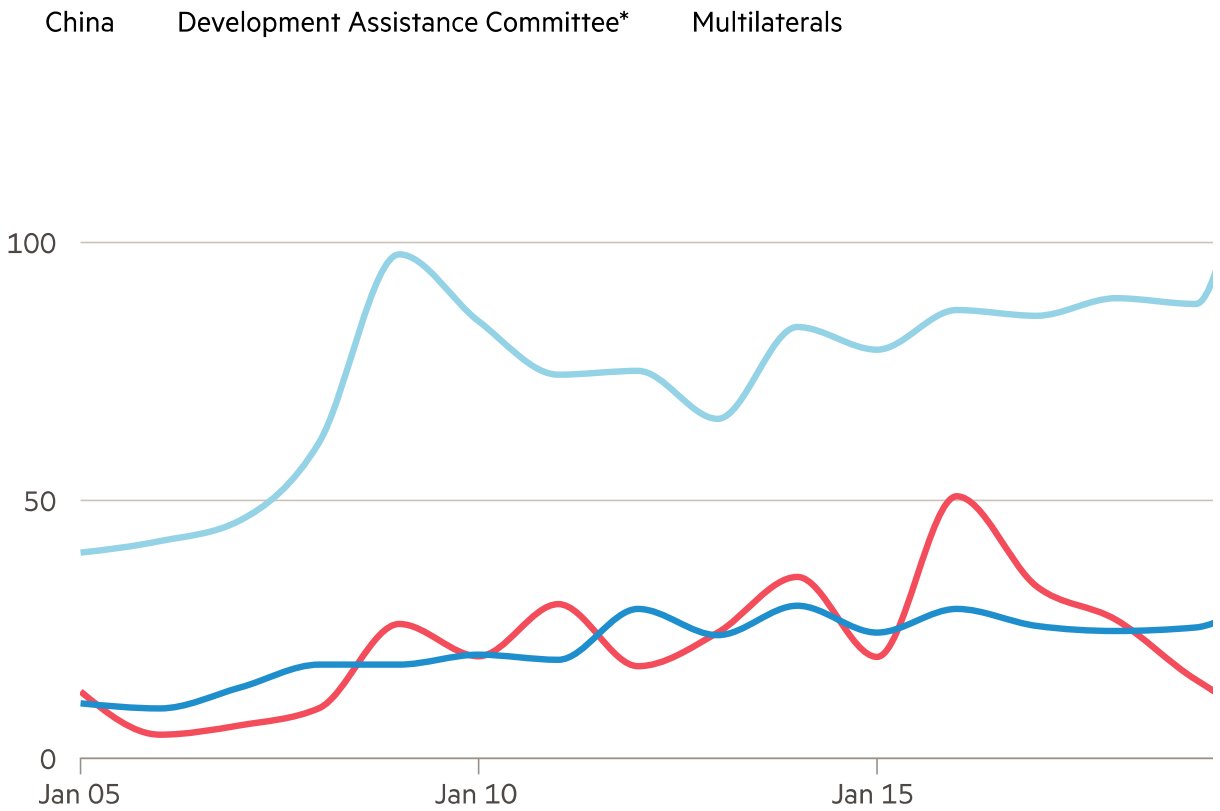


This question of development assistance links with the challenge of climate. As everyone in developing countries knows, the reason the climate problem is now urgent is the historic emissions of high-income countries. The latter were able to use the atmosphere as a sink, while today's developing countries cannot. So, today we tell them they must embark on a very different development path from our own. Needless to say, this is quite infuriating. Nevertheless, emissions must now be sharply reduced. This requires a global effort, including in many emerging and developing countries. Have we made progress on this task, in reality rather than rhetorically? The answer is "no". Emissions have not fallen at all.

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### Multilateral development institutions make the largest loan commitments to emerging and developing countries

Annual loan commitments to developing countries (current \$bn)

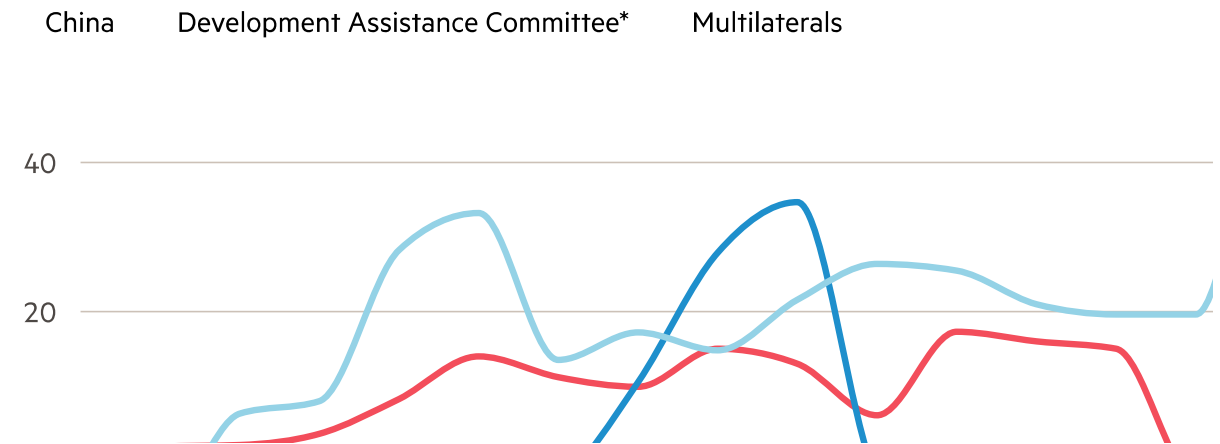


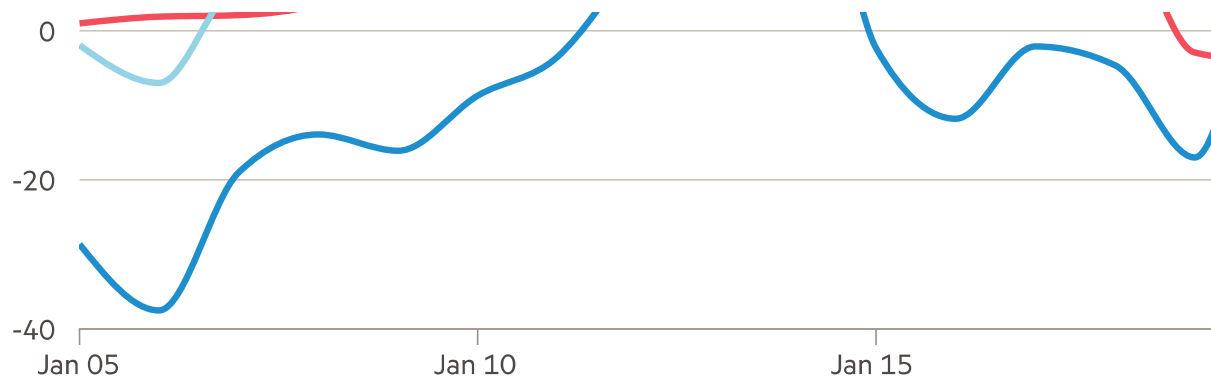
Source: World Bank IDS • \*High-income members of the OECD. Loans by the AIIB, the NDB and the IMF and 70 other international organisations to all 121 developing countries reporting to World Bank IDS

If emissions are to decline rapidly, while emerging and developing countries still deliver the prosperity their populations demand, there must be a huge flow of resources towards them, not least to finance climate mitigation and the necessary adaptation to higher temperatures. In 2021, net transfers from official loans to emerging and developing countries were just \$38bn. Grants were larger, but more narrowly focused.

### Net lending to emerging and developing countries is now very low

Annual net loan transfers to developing countries (current \$bn)





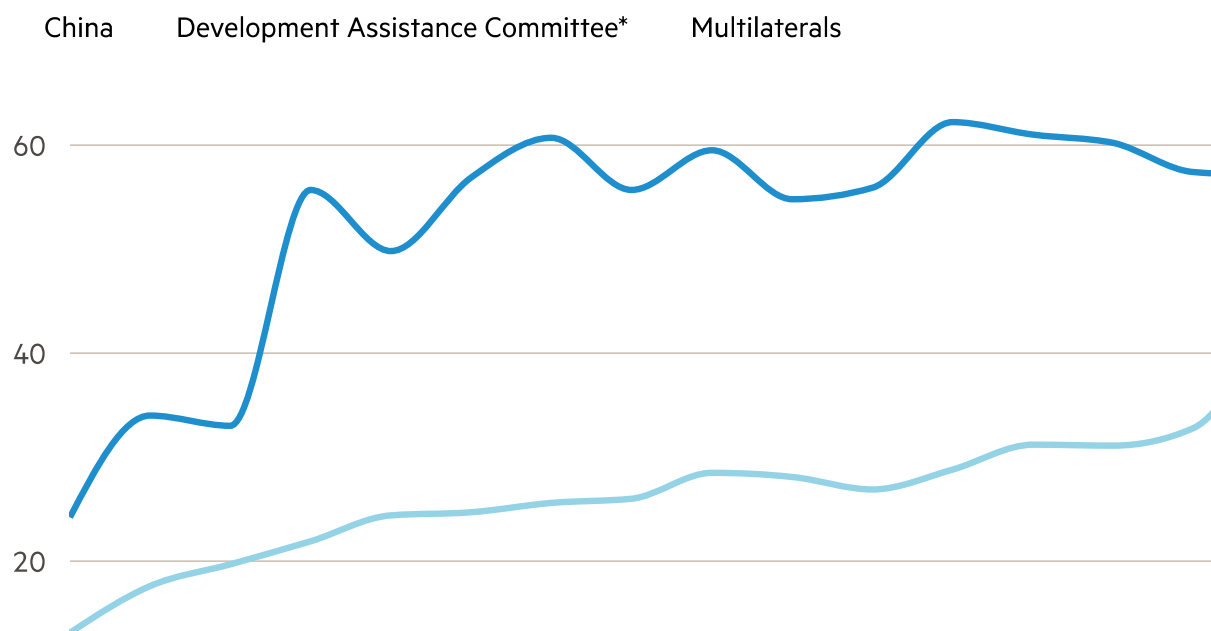
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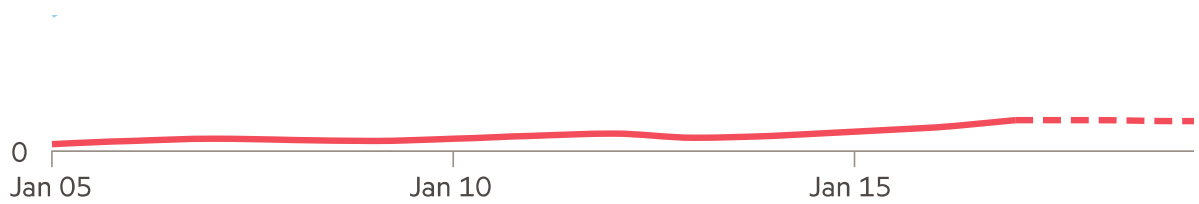
This is not even close to enough. There must be greater aid, debt relief, support for climate-related investment and new mechanisms for generating the needed resources, such as the proposal that countries with above average emissions per head compensate those with below average ones. Capital increases for multilateral banks are also vital.

The high-income democracies are failing to offer adequate help in this longer-term task, just as they did over Covid. In the case of climate, the failure is to realise our responsibility for managing a problem the poor of the world did not create. This looks unfair, simply because it evidently is.

**The high-income countries and multilateral institutions are responsible for almost all of the grants to poor countries**

Total annual grants to developing countries (current \$bn)





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Source: OECD CRS,, AidData • \*High-income members of the OECD. Grants to all

We are in a competition of systems. I hope that democracy and individual freedom do ultimately win. In the long run, they have a good chance of doing so. Nevertheless, we must also remember the threats we now confront to peace, prosperity and planet. Tackling these will require deep engagement with China. But if the west is to have the influence it hopes for, it must realise that its claims to moral superiority are neither unchallengeable nor unchallenged. Many in our world view the western powers as selfish, self-satisfied and hypocritical. They are not altogether wrong. We must do far better.

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**Letter in response to this column:**

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