

Development and Development Policy in the Trump Era

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Abbreviations

AfCFTA	African Continental Free Trade Area
AIIB	Asian Infrastructure Investment Bank
BMZ	German Federal Ministry for Economic Cooperation and Development / Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China, South Africa
CELAC	Community of Latin American and Caribbean States
COP	Conference of the Parties
COVAX	COVID-19 Vaccines Global Access
DAC	Development Assistance Committee
DEI	diversity, equity, inclusion
EBRD	European Bank for Reconstruction and Development
EU	European Union
FDI	foreign direct investment
FIE	foreign invested enterprise
GDI	Global Development Initiative
GDP	gross domestic product
GFC	global financial crisis
G20	Group of 20
HAC	High Ambition Coalition
HDPN	humanitarian–development–peace nexus
HRVP	High Representative for Foreign and Security Policy
IDOS	German Institute of Development and Sustainability
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
IPE	international political economy
IPN	international production network
LDC	least developed country
LGBTQI+	Lesbian, Gay, Bi, Trans, Queer and Intersex
LIO	liberal international order
Mercosur	Southern Common Market
MIC	middle-income country
MIKTA	Mexico, Indonesia, Korea, Turkey, Australia
NAM	Non-Aligned Movement
NATO	North Atlantic Treaty Organization
NDB	New Development Bank

NTS	non-traditional security
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
R2P	responsibility to protect
SDG	Sustainable Development Goal
SRM	surplus recycling mechanism
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
US	United States
USAID	United States Agency for International Development
WHO	World Health Organization
WTO	World Trade Organization

Introduction: the reordering of development policy – Trump’s changes to the development policy landscape

Stephan Klingebiel & Andy Sumner

Since the beginning of US President Donald Trump’s second term in early 2025, not only US development policy but the entire international development cooperation landscape has fundamentally changed. The United States – previously by far the leading actor in global development cooperation – has rapidly withdrawn from key multilateral structures, drastically cut budgets and almost completely shut down the operations of its own development agency, the United States Agency for International Development (USAID). This move exemplifies a deeper tectonic shift: the end of a phase of Western-dominated global cooperation and broad acceptance of rules-based collaboration, now giving way to a multipolar, power-driven and conflict-laden world order.

Anti-multilateralist course, realignment in the Global South and the weakening of international (development) cooperation

The policy being pursued by the Trump administration follows an explicitly anti-multilateralist course, grounded in national sovereignty, geopolitical calculation and economic transactionalism. Conspiracy theories played an important role in justifying the destruction of USAID (Moynihan & Zuppke, 2025). Global norms – such as those reflected in the Sustainable Development Goals – are seen by this administration as threats to American interests, as they promote “soft global governance”. The withdrawal from international organisations, disregard for international norms (including military threats), and direct, often blunt pressure on other countries – such as the baseless accusations of “genocide” against South Africa – mark a paradigm shift that redefines the relationship between values and interests in favour of short-term power for political gain.

For many countries in the Global South, these changes mark a turning point. Although the retreat of the United States from the multilateral system creates new space for strategic repositioning – particularly for politically and economically strong developing countries through expanded South-South cooperation and closer ties with China and even Russia – this recently gained room for manoeuvre also brings new dependencies, increased geopolitical fragmentation and heightened vulnerability to foreign political coercion. Actors in the Global South typically assert their independence through the increasingly attractive principle of “multialignment”, yet many still find themselves drawn into the logic of global bloc formation.

All of this leads to systemic-level transformations: The global architecture of development cooperation is being seriously destabilised by the withdrawal of the United States. Other donor countries are following suit, and the United Nations is, in many areas, largely paralysed. The weakening of coordinating bodies such as the OECD Development Assistance Committee (DAC) undermines long-standing principles of effectiveness and coherence. This results not only in financial shortfalls but also in a loss of legitimacy for the previously Western-dominated cooperation model.

This rupture in the international development landscape has not only immediate but also long-term humanitarian consequences. Medeiros Cavalcanti et al. (2025) estimate that, due to US foreign aid budget cuts, an additional 14 million deaths could occur by 2030. Refugee camps in various parts of the world have been severely underfunded since the Trump administration

implemented these cuts, thereby contributing, among other things, to worsening conflict situations (e.g. in Sudan).

The new global situation also alters power dynamics in international politics. Authoritarian regimes in the Global South interpret the withdrawal of the United States as an opportunity to expand their scope of action while Western actors' influence continues to wane. The resulting new geopolitical dynamics are fraught with risks – particularly concerning new dependencies and strategic vulnerabilities.

Moreover, the current situation makes it clear that the traditional separation between development policy and geopolitics is increasingly untenable. Development policy has never been neutral – it has always also served as a tool of power politics. But in times of heightened systemic competition, it takes on new significance: as a lever for shaping global governance processes and as a means to reinforce rules-based, value-driven structures. This places a responsibility on actors to position themselves more clearly – strategically, normatively and institutionally. An evident indication of the new, close connection between development and geopolitics at the European level is the Global Gateway Initiative, launched in late 2021, which aims to offer a European alternative to China's dominant, infrastructure-focused Belt and Road Initiative.

A critical issue here is the development of new cooperation formats. The Global South is, of course, not a homogeneous bloc but a diverse landscape of differing interests, priorities and government systems. Development policy strategies must reflect this reality. Neither one-dimensional poverty logic nor simplified governance indicators are sufficient to capture complex realities. Instead, a differentiated, dialogue-oriented approach is needed – one that places pluralistic partnerships on equal footing at the centre.

Furthermore, development policy must be structurally realigned. The current crisis presents an opportunity to question outdated institutional routines and improve coordination between government departments and those of international aid organisations. For the OECD, we have recently attempted to outline what a broader perspective on development topics could look like (Sumner, Klingebiel, & Yusuf, 2025).

A snapshot: our Discussion Paper

The rapid pace of change demands a new understanding and fresh thinking about the current situation. That is why, in early spring 2025, we launched a call for short analytical papers on the topic "Development and Development Policy in the Trump Era". We invited paper contributors, along with a few additional experts, to join us in Bonn in May 2025 for a workshop jointly organised by the European Association of Development Research and Training Institutes (EADI) and the German Institute of Development and Sustainability (IDOS). The workshop provided an opportunity to discuss draft versions of the submissions.

Based on those discussions – and under very tight deadlines – we were able to compile the present Discussion Paper, which includes a total of 16 contributions. We are grateful to all of the authors for their strong engagement and willingness to contribute to this initiative.

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Part 1: Development Policy in the United States and Beyond

1. Finding bright spots in an era of uncertainty: why global development cooperation is needed more than ever

Peter Taylor

Abstract

The January 2025 inauguration of President Donald Trump ushered in a sharp turn of direction for the US government in its domestic and international engagement, and it has continued to have fallout effects through a continued stream of executive orders. While the world has looked on with some bewilderment, the impacts of these effects have been felt already on the well-being, lives and livelihoods of those who are most vulnerable and most at risk. This paper considers the outcomes and early impacts of the “Trump effect” at the local, national and global levels, and reflects upon their effects on global development cooperation. It draws lessons and insights from four other papers that are included in this volume which help to identify potential pathways that may ameliorate the negative impacts on cooperation already being felt, and it argues the case that development cooperation is in fact needed now more than ever. Four possible ways forward include: the need for intentional learning and adaptation in the context of uncertainty; the importance of seeking and aligning with geopolitical “bright spots”; the opportunity to re-imagine and re-create the institutions that shape development policies and practices; and the importance of re-engaging positively and coherently with a wider public audience for whom development and international cooperation are very low priorities at best.

Introduction

The re-election of President Donald Trump ushered in a sharp turn of direction for the US government in its domestic and international engagement. Since his inauguration on 20 January 2025, President Trump has been quick to enact policy change, including freezing all international development funding from the United States Agency for International Development (USAID). Given that the United States has been by far the largest international aid donor, this sudden stop order on USAID-funded activities has had an immediate negative impact on critical humanitarian and development work around the world (Epstein, 2025). Although the impacts were sudden, they have worsened over time (Amnesty International, 2025). Coupled with a wider array of geopolitical turbulence, they are serving as a huge impediment to global development cooperation at a time when it is most needed to address so many pressing challenges.

Sudden impacts

Stories emerged very quickly from researchers, charities and practitioners showing that the impacts in the first week of the freeze were devastating and wide-ranging (Bateman, 2025). Examples included work preventing the spread of HIV and Mpox being halted (Global Health Council, 2025), women’s health providers being shut down, and water and sanitation programmes being suspended (Taylor, 2025). This sudden funding freeze pulled the rug instantly from under many not-for-profits, big and small, and is short-termism in its worst form. In addition to the immediate damaging consequences for people’s lives, it severs trust and partnerships that, in many cases, had taken years to establish. This is particularly true for research for global development, an area for which equitable partnerships are critical for those working to identify and track the spread of diseases, address climate change or work and learn

with communities to understand how to improve the conditions that immediately affect their lives (Ordóñez, Taylor, Khanduja, Nelson, & Mamoun, 2024).

Although the impacts of the aid cuts were felt suddenly within multiple contexts, they were also seen very rapidly at the global level. President Trump's climate change denial and policies continued by withdrawing the United States for the second time from the Paris Agreement. He also not only withdrew US funding from the World Health Organization (WHO) but ordered workers at the US Centers for Disease Control and Prevention to stop working with WHO, effective immediately (Associated Press, 2025). Such actions could have severe consequences for global health and global health security, which affects everyone. Women and girls – along with people who are LGBTQI+ (Lesbian, Gay, Bi, Trans, Queer and Intersex) – are also affected directly since they are often in the greatest need around the world, particularly in relation to health care. Nearly 300,000 women died during pregnancy and childbirth globally in 2020, according to the United Kingdom's Parliamentary International Development Committee (International Development Committee, 2024), with 70 per cent of these deaths occurring in sub-Saharan Africa. A girl in South Sudan is more likely to die in childbirth than to finish secondary school.

Implications for global development cooperation

While the sudden impacts of the USAID freeze have devastated people's lives and well-being, and the work of humanitarian and development organisations around the world have experienced major disruption, a ripple effect is increasing the stress on an already fragmented landscape of global cooperation. In addition to the short-term damage, the longer-term consequences of this sudden policy change will show it to be short-sighted, particularly in the broader realm of geopolitics, soft power and diplomacy. It gives the impression that the United States is willing to vacate its role in international development and humanitarianism, and it could result in other global actors, including China, stepping further into the international development space to fill the vacuum. As expressed by others in this volume, a gradual shift towards a multi-polar world – where cooperation around global development challenges becomes ever more transactional – is creating uncertainty about what the future holds for nations working together in common cause (Taylor et al., 2023).

The argument for higher-income countries to step up and contribute official development assistance (ODA) is well-worn. Although countries have wavered about the amounts that they contribute – including the United Kingdom (only 15 countries have met the United Nations (UN) spending target of 0.7 per cent gross national income since 1960) – most recognise the soft power and relationship-building it provides them around the world. Foreign policy and diplomacy, which are crucial components that sit alongside development, require good relationships, which this recent action from the United States destroyed in a matter of days. The most evident advantage of investing in international development is the clear correlation between the benefits ODA can provide to the most in need in other countries, and the benefits it brings to the country that is providing ODA. This is most apparent in the realm of global health, where preventing the development or spread of an emerging infectious disease in one country protects populations globally in today's closely interconnected world. The case for this form of cooperation was, ironically, made particularly strongly by the United States Centers for Disease Control and Prevention (2025), shortly before President Trump's series of executive orders requiring the United States to withdraw from global cooperation with WHO.

These arguments and rationales did not, of course, prevent the United Kingdom and other countries from rapidly following suit with their own cuts in aid budgets. European Union (EU) support levels to ODA had already been falling before Trump's executive orders and have continued to do so since (OECD, 2025). The EU has claimed to be the ODA world leader, but it is hard to believe in a collective approach because most EU member states contribute very little

though development finance. Also, even though EU ODA contributions peaked in 2022, the figures produced were viewed by some analysts as being inflated and not representing the true level of contributions claimed by the EU itself (AidWatch, 2024). The EU has essentially become a “coalition of the unwilling” (Wax, 2025), with no sign of a “Team Europe” approach.

Given the pulling back of support by nation-states worldwide, the commitment, knowledge and effort of local communities and civil society are therefore crucial, as they work with national governments to address global challenges that do not observe national boundaries. The sudden withdrawal of international development assistance is undermining – and potentially destroying – the ability of these important coalitions and partnerships to function, ultimately putting everyone at risk. According to an analysis by the Centre for Global Development (Baker, Klemperer, Hughes, Madan Keller, & Guzman, 2025), 26 low- and middle-income countries, with a combined population of 1.4 billion, are highly vulnerable to the cuts and lack the resources to plug the gaps. Once again, Trump’s decisions – often erratic, although potentially with strategic intent, as discussed in this volume – will further derail progress for all aspects of international development, including poverty, food and agriculture, and sanitation.

The importance of critical dialogue and debate

A seemingly endless stream of executive orders has led to anger, frustration, dismay and disappointment among those affected negatively, both directly and indirectly. Although there is still some domestic support for the decisions President Trump has made within the United States itself, doubts are emerging even there around whether an undermining of global trade arrangements through the introduction of sky-high tariffs will benefit or ultimately undermine the US economy. Elsewhere in the world, alliances and new forms of global cooperation may emerge around trade, development and other forms of collaborative endeavours because the United States may be viewed as an unreliable partner. It is therefore timely to engage in a more critical, thoughtful and deliberative analysis and reflection. During debates on this topic in preparation of this volume, some highly salient points were made that now shape the contents of the papers that follow.

Andy Sumner and Stephan Klingebiel describe the retreat of the United States in regard to development policy and funding, referring to a “New Washington Dissensus”, a “national conditionality regime” and the danger of “normative contagion” spreading “order through disorder”. If one thing is certain, it is the uncertainty of the future. Yet, these shifts and schisms are clearly part of a longer trajectory of change in international cooperation around development challenges. Norms of global cooperation were already eroding and degenerating. Choices about how to engage around global arrangements and collaboration were already being made by an expanding group of Southern actors, leading to new forms of collaboration or transactional, go-it-alone pathways.

Rogelio Madrueño introduces the idea of the “Global Hydra” and the geo-economic tools of US foreign policy, revealing a move towards global multipolarity, with an increasing role for China. His paper also emphasises uncertain outcomes and potentially dangerous trends, all of which are accompanied by uncertain responses. Once again, the diagnosis is indicating a move, globally, into uncharted territory as well as global development cooperation characterised by unpredictability and a general sense of confusion over how to respond.

Clara Brandi observes that Trump’s trade policy around tariffs and active undermining and disruption of the global economic order simply reinforces Global South grievances about inequality and power imbalances. She posits three scenarios for future development cooperation: fragmentation and marginalisation; strategic realignment and partial resilience; and strategic sovereignty and development breakthrough.

Four possible pathways to global development cooperation

Although the future of global development cooperation seems highly uncertain and unpredictable, there are potential ways forward that offer a path towards more constructive forms of engagement and collaboration. Four possible pathways present themselves:

1. If uncertainty is the “new normal”, then it is crucial that global development actors of all types and contexts are able to learn with others who are affected by the changes described in this volume, reflecting and adapting in real time. Bottom-up, participatory approaches seem essential for greater agency and resilience at a time when top-down, authoritarian decision-making, such as that seen currently in the United States, is driving further polarisation and divisiveness. In the crucial area of knowledge generation – at a time when answers and ideas are urgently needed – transformative research on global challenges can often best be achieved by bringing academic and non-academic (government, business, civil society) actors together in consortia and partnerships to work on key problems. The research capabilities from lower-income countries are also vital, and cooperation in science to tackle global challenges should be sought with governments around the world.
2. Although the global situation seems bleak, there are bright spots. Countries such as Canada, Australia and Spain are swimming against prevailing political currents and electing progressive governments. There will be value in aligning the interests of like-minded nations and institutions that can work together and identify and pursue alternative pathways to those being promoted by the United States. This can be achieved through informal or new formal alliances, as well as in existing multilateral spaces. Coordinating efforts through the UN is one practical step, and joining forces at major conferences is another. Good examples of cooperation from governments with more progressive agendas can be seen in Spain, South Africa and Brazil. These nations are working together to push for common agendas, with their respective leaders declaring in a joint statement to “bet on multilateralism to fight inequality and global warming” (BrazildeFato, 2025). The three leaders agreed to cooperate around three significant events for international development they are hosting this year – Financing for Development in Seville, the G20 summit in Johannesburg and COP30 in Belém.
3. Out of crises can emerge opportunity. This is not to minimise the evidence of a dysfunctional, ineffective and divided global governance system, as witnessed by the catastrophic devastation taking place in Gaza, Ukraine, Sudan and Myanmar, or the current international failure to address climate change. Instead, it highlights the need to re-imagine and re-create the institutions that allow more unified, collective and cooperative efforts to address the enormous challenges currently playing out in the world.
4. There is a need to re-engage with a wider public audience, for whom development and international cooperation are viewed as woke and wasteful. Those who propagate academic arguments and critiques regarding development – important as it is to do this – have perhaps offered those who oppose it the very arguments they need to demolish it. In making the arguments for the right-wing by deconstructing aid and development, those who actually support global development cooperation may have helped advance a far-right agenda. Going forward, a strategy to reconnect with public attitudes will involve communicating transparently and openly about the effectiveness and impacts of development efforts in terms of successes while offering honesty and humility concerning what has worked less well and why.

Conclusion

Even at a time when geopolitical disruption and turbulence have become the new normal, it seems crucial that the arguments for increased global development cooperation need to be made clearly and strongly. Although the short-term impacts of President Trump's actions cannot be simply undone – and people's lives have certainly been negatively affected – it is critical that a longer-term, alternative view for our shared future prevails. Those who believe in – and are committed to furthering – a progressive agenda must do a better job of making an argument for the value of that shared future, while also working together to shape the forms of global development cooperation that will make progress towards it for all. The four pathways outlined above, inspired by the different contributions to this volume, will not be achieved without effort, however. They will require commitments to inclusion, transparency, accountability and, importantly, evidence. Only then will a broader understanding and level of support emerge among a public – and their representative governments – for whom other priorities have risen to the top of an ever-growing list of needs and concerns.

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2. Trumpism, development cooperation, and global (dis)order-making: decoding the New Washington Dissensus and the evolving norms of international aid

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Abstract

This paper examines the ideological and policy shifts in US development cooperation under the second Trump administration, and their implications for the international development landscape and global order. It argues that recent US actions – epitomised by a 36-question survey of the United States Agency for International Development (USAID) and the erasure of key development terms from federal documentation – signal a foundational challenge to international development cooperation norms. Five core principles underpinning an emerging “New Washington Dissensus” are identified: (1) dismantling global governance structures, (2) ideological policing through anti-“anti-Americanism”, (3) prioritising border security over traditional development goals, (4) rejecting climate and DEI (diversity, equity and inclusion) agendas and (5) demanding direct economic returns for the United States. These principles are not merely bureaucratic adjustments but represent the construction of a “nationalist conditionality regime” – a strategic reordering of aid to serve domestic political and economic priorities.

Introduction

For decades, the United States has shaped international development norms, oscillating between technical cooperation and ideologically infused strategic engagement. The United States has historically played the most important role in shaping what can be called a modern system of development cooperation by providing incentives and institutional structures that encouraged other Western countries to follow (Bracho, Carey, Hynes, Klingebiel, & Trzeciak-Duval, 2021; Haug, Novoselova, & Klingebiel, 2025; Lancaster, 2007). Donald Trump’s return to the presidency in 2025 has broken with that tradition, establishing a fundamentally different model. This paper argues that the Trump administration’s approach to foreign aid is not merely a retrenchment or populist backlash but represents a normative and strategic shift in global development cooperation.

We introduce the concept of the “New Washington Dissensus” to capture this shift. It describes a divergence not only from international norms but also within the US political establishment itself. Development cooperation is now harnessed as a tool of ideological enforcement and transactional nationalism.

Development cooperation and global (dis)order-making

International relations are increasingly marked by fragmentation and norm contestation (Deitelhoff & Zimmermann, 2020; Ishmael, Klingebiel, & Sumner, 2025; Klingebiel & Sumner, 2025). Power shifts and multipolarity have eroded the liberal international order, and recent US foreign policy under Trump has accelerated this trend. By rejecting the 2030 Agenda and the Sustainable Development Goals (SDGs) as threats to US sovereignty, the Trump administration redefines the meaning and practice of development cooperation.

This phenomenon can be understood in relation to the broader shift from what international theorists refer to as a rules-based global order to one characterised by strategic fragmentation. Rather than contributing to the maintenance of shared norms, the United States appears to be actively undermining them, introducing a new logic in which bilateralism and conditionality replace multilateral consensus and solidarity.

Development cooperation can be viewed through three conceptual lenses: (i) soft power, (ii) legitimacy signalling and (iii) strategic ordering. The Trump administration amplifies the third lens – moving away from hegemonic consent-building to transactional coercion. Aid is no longer about shared values or technical goals; it is about ideological alignment and national gain.

This reordering of norms aligns with theories of informal empire (Gill, 1995), wherein hegemonic actors shift from overt rule-setting to more subtle but coercive forms of influence. In development policy, this translates into a dismantling of existing norms and their replacement with ideologically driven conditionalities. Rather than fostering compliance through legitimacy or an appeal to universal values, this model enforces alignment through financial dependency and bureaucratic control. The “nationalist conditionality regime” is thus both a reflection and a mechanism of a more fragmented international system.

The five principles of the New Washington Dissensus

The ideological architecture of the Trump administration’s development policy is no longer latent or inferred – it is explicit and operationalised through institutional instruments, such as the USAID’s 36-question survey distributed to NGOs and multilateral partners in early 2025 and the *New York Times* catalogue of “disappearing words” (Yourish, Daniel, Datar, White, & Gamio, 2025) as well as Trump’s 2026 budget requests.

We can use these data sources to present five principles of what we label the New Washington Dissensus – the “Nationalist Conditionality Regime” for development cooperation. The questionnaire and the disappearing word list are more than just bureaucratic artefacts. Instead, they serve as a manifesto of Trumpist aid, demanding that recipients affirm their alignment with US sovereignty, national interests and ideological orthodoxy. Five principles can be identified that form the cornerstone of an emerging nationalist conditionality regime (earlier presented in Sumner & Klingebiel, 2025).

Aid as a tool to dismantle global governance

The first principle repositions aid as a mechanism not for strengthening global cooperation, but for systematically undermining it. USAID recipients are asked to confirm that their programmes do not rely on international organisations such as the United Nations (UN). This reflects a broader effort to delegitimise multilateralism and erode the normative authority of institutions perceived as constraining US sovereignty. Development cooperation is thus retooled as an instrument to disrupt rather than support rules-based international governance – a clear break from the post-1945 consensus on aid as global public good (Haug et al., 2025; Mawdsley, 2019).

Zero tolerance for “anti-Americanism”

A revival of McCarthyite logic defines the second principle: Aid recipients must reject associations with communism or perceived anti-Americanism. “Activism”, “advocacy”, “feminism” and “social justice” have become suspect terms, and support for these concepts can now disqualify organisations from funding. This logic of ideological policing aligns with authoritarian governance styles, where legitimacy is conferred not by institutional quality or outcomes but by

loyalty and compliance. The development aid system thus becomes a disciplinary mechanism that rewards conformity and punishes dissent.

Border security over development goals

Development cooperation is now being judged for its impact on US border security. Migration deterrence has become a central objective. Aid becomes a lever for domestic policy, particularly in the context of immigration control and narcotics interdiction. This reflects a securitisation of aid, where the boundaries between development, foreign policy and national security blur. From a Foucauldian perspective, this is an example of “governmentality” extending into global development – where managing populations abroad becomes integral to domestic security calculations.

Rejection of climate and DEI agendas

All references to DEI and environmental justice are actively excluded from Trump-era aid programming. The terms “climate crisis”, “gender identity” and “inclusion” have been erased from official documents, signalling a radical departure from previous administrations.

This principle illustrates what theorists such as Li (2007) describe as the “anti-politics machine” at work in development: complex socio-political dynamics are erased in favour of technical or ideologically acceptable terms. Trumpism intensifies this by removing not only politics but even terminology that could invoke rights-based or justice-oriented discourses.

Direct economic returns to the United States

Development cooperation is now evaluated on the basis of its financial returns to the United States, including job creation, industrial benefits and security enhancements. Aid becomes a branch of domestic industrial policy.

This instrumentalisation aligns with realist theories of international relations, in which states act to maximise own power and wealth. What is distinctive under Trump is not the goal itself but the unapologetic and explicit articulation of development as an economic nationalist project.

The nationalist conditionality regime

Trump’s aid policies reflect more than a shift in tone; they signify the emergence of a nationalist conditionality regime. Unlike past aid conditionality, which focused on economic reform or governance, Trumpism demands ideological compliance and measurable benefits to the United States.

This regime operates through informal, bureaucratically enforced mechanisms such as surveys and word bans. It rejects global consensus in favour of bilateral dominance and undermines the role of development cooperation in promoting global public goods. Trumpism replaces multilateral engagement with what could be called “transactional sovereignty enforcement”, where alignment with US narratives becomes the entry ticket for development funding.

Conceptually, this shift can be understood as part of a broader trend in global politics whereby illiberal regimes increasingly shape international norms through strategic disruption. Trump’s approach mirrors elements of authoritarian learning and norm-spillover – where new models of control are adapted across sectors and borders.

The Trump model risks spreading to other donors facing domestic political pressures by populist and right-leaning national actors. Elements of transactionalism and securitisation are already evident in European migration deals. Recipient countries may reorient towards China or regional actors as US aid becomes increasingly conditional and unreliable.

Moreover, the nationalist conditionality regime could reshape global expectations of development cooperation. Instead of being grounded in solidarity and global public goods, development could increasingly be seen as a transactional exchange governed by ideology and interest. This risks undermining decades of a fragile but vital consensus on fundamental global development priorities. Even soft norms such as the 2030 Agenda and its SDGs – which contain no binding elements for any actor – are treated by the Trump administration as constraints on US sovereignty.

Herein lies the danger of normative contagion: that the erosion of inclusive norms in one major donor can cascade across the system, transforming development cooperation from a collective enterprise into a fragmented field of donors exerting maximal influence.

Conclusion

Development cooperation is no longer guided by universally accepted norms. Instead, competing narratives on what constitutes effective, legitimate or ethical aid have proliferated, undermining the credibility and coherence of development policy. Traditional norm-setting institutions such as the OECD Development Assistance Committee (DAC) and the UN face pressure – not only from declining donor trust but also from rising alternatives such as South-South cooperation networks and BRICS+. This counter-institutionalisation fragments the landscape, complicating coordination and weakening global burden-sharing.

The New Washington Dissensus signals a foundational reordering of development cooperation. Under Trump, development cooperation serves as a coercive tool for enforcing national interests and ideological conformity, rather than promoting solidarity, rights or shared goals. Although not entirely unprecedented, the coherence and scope of this shift mark a dangerous precedent. Whether this becomes a lasting global trend or provokes a reassertion of inclusive norms remains to be seen.

Like-minded actors – governments, think tanks, philanthropic institutions and others – could actively defend multilateral, inclusive and rights-based forms of cooperation. This includes reaffirming the SDGs, supporting multilateral institutions and resisting the erosion of shared global norms. If unchecked, the nationalist conditionality regime risks hollowing out development cooperation as we know it.

What is at stake is not simply the effectiveness of aid but the broader legitimacy of international cooperation (Ishmael et al., 2025; Opalo, 2025; Usman, 2025). In a world of rising authoritarianism and declining multilateralism, the development field may become a frontline in the battle over the future of the global order.

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3. Trump 2.0 and the unmaking of Western aid hegemony*

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Abstract

The second Trump administration has ushered in a radically altered foreign aid environment, with implications that extend far beyond the United States of America. The latter's retreat from multilateralism and development cooperation – underpinned by hard-power motivations and populist rhetoric – has not only undermined the international standing of the United States but also disrupts the existing global development architecture. In response, other donors, particularly from the OECD Development Assistance Committee (DAC), face the dual challenge of maintaining international partnerships while navigating their own domestic pressures. This paper takes stock of recent events and outlines four interconnected suggestions that focus on (1) refining DAC development cooperation approaches, (2) strengthening multilateral development institutions, (3) promoting Southern self-reliance and (4) forging alliances beyond the United States. We argue that although the decline of Western aid hegemony appears inevitable, it also presents an opportunity to reshape development cooperation along more inclusive, strategic and resilient lines.

Introduction

Foreign aid has long been a cornerstone of how the United States of America engages with partners across the globe. The United States Agency for International Development (USAID) as well as other government institutions – from the Department of State to the Peace Corps – have played a crucial role in the bilateral emergency assistance for, and development cooperation with, countries across Africa, Asia and Latin America. The United States has also been the largest donor to multilateral bodies, including the United Nations (UN) development system, multilateral development banks and the OECD, funding both shorter-term humanitarian support and longer-term development work.

For foreign aid experts and observers of the development cooperation system, the weeks following Donald Trump's second inauguration as US president have signalled fundamental upheaval. The administration's open embrace of a crude, interest-based foreign aid agenda – anchored in hard-power imperatives – marks a dramatic shift with far-reaching consequences for international cooperation.

Trump 2.0 and shifts in the global development landscape

The public endorsement of largely unfounded accusations against USAID and its staff – exemplified by Elon Musk's reference to the agency as a "criminal organisation" (Klingebiel, 2025) – has been both grotesque and politically charged. Under this new paradigm, the engagement of the United States with international cooperation increasingly demands unconditional compliance, backed by unpredictable but real penalties for dissent. Accusations levelled against South Africa because of its post-apartheid land reform exemplify this shift (Jones, 2025). The implications of funding cuts for recipients, in turn, are devastating. A recent

* This paper is based on Haug, Novoselova and Klingebiel (2025).

study suggests that the retreat of the United States from foreign aid and the dismantling of USAID could lead to millions of additional deaths over the next five years (Medeiros Cavalcanti et al., 2025). Meanwhile, the political dynamics across other traditional donor countries add to the sense of disruption. The European Union (EU) and its 27 member states remain the world's largest providers of official development assistance (ODA) in aggregate, yet no European donor has the resources or political will required to fill the vacuum left by the United States. Many are indeed themselves announcing cuts to their foreign assistance budgets (OECD, 2025). Technical constraints aside, there is also widespread domestic pressure to prioritise spending at home, from populist movements to struggling economies and an increased focus on investing money in defence.

The European Commission, for instance, has increasingly emphasised European infrastructure investment and geopolitical interests, leaving less room for democracy promotion and human development (Furness & Keijzer, 2022). Although donors such as the Netherlands rallied during Trump's first term – mobilising resources for family planning organisations affected by US funding cuts – no comparable initiative has materialised this time. The sheer scope of the current freeze further complicates efforts to identify what should be taken on, and what has to be left behind. Amidst mounting geopolitical complexity, these developments seem to accelerate the erosion of Western dominance in the development cooperation sphere and beyond.

Back in Washington, voices such as those of Secretary of State Marco Rubio insist that dismantling USAID is “not about getting rid of foreign aid” (Bittle, 2025), and there are signs that bipartisan support for certain aid priorities could still surface (Tama, 2025). Yet, intra-Republican and Democratic opposition appears fundamentally weaker than during Trump's first term. Even when assuming some institutional pushback, the cumulative effect of current US policies cannot be easily mitigated, as the global ramifications of the strategic reorientation under Trump 2.0 reach far beyond aid.

Facing the unmaking of Western aid hegemony: four suggestions

Faced with the second Trump administration, other DAC members – including Germany, the EU and the United Kingdom – face difficult questions: How should they respond to the rapidly transforming posture of the United States? What principles and instruments can guide a re-imagined development cooperation architecture? Based on a preliminary analysis of the implications of Trump 2.0 for international development (Haug et al., 2025), we put forward four suggestions.

I. Refining DAC development cooperation approaches: The present moment invites critical reflection: Which inherited practices have made DAC members' development cooperation ineffective or overly bureaucratic? Which structural reforms could improve political leadership and delivery? Recognising that DAC members cannot fully compensate for US aid cuts – even if some flows resume – should be a starting point. Efforts need to be focused on selective compensatory funding, particularly in sectors such as health and climate change, and always in close coordination with affected partner countries. More broadly, DAC donors must avoid cutting their own development budgets further. As the actions of the United States illustrate, such retrenchment erodes credibility and soft power, especially among Southern partners¹; the European Commissioner in charge of international partnerships has even suggested that the disengagement of the United States strengthens the EU's global legitimacy (Sikela, 2025). At a strategic level, the continued Southward expansion of OECD membership also calls for revisiting the DAC approach to development cooperation. In fact, ODA may soon be only one

1 See, for example, the webinar on “Development Cooperation after USAID: Perspectives from the Global South” (RIS, 2025).

among several mechanisms that OECD countries use to engage on global development challenges (Sumner, Klingebiel, & Yusuf, 2025), requiring the DAC to adapt its outlook and toolbox.

II. Strengthening the multilateral development system: The multilateral development system is facing an existential test. Trump 2.0 poses both financial and political threats to the UN system, with the UN Secretary-General's UN80 Initiative (UN, 2025) being a clear indication. Although research shows that institutions such as the UN often persist despite external shocks (Eilstrup-Sangiovanni, 2020), a retreat by the United States could severely undermine the current multilateral order. History suggests that collective action by the remaining members can sustain momentum and even drive institutional reform (von Borzyskowski & Vabulas, 2024), but this requires determined support and a commitment to change by a large group of states, including wealthier countries. In the current context, UN member states should (1) increase voluntary core contributions to UN development entities to enhance flexibility and mitigate income volatility (Baumann & Haug, 2024); (2) focus funding on key institutions and mechanisms such as multi-donor trust funds; and (3) explore the consolidation of overlapping mandates and possibly the merger of UN entities to reduce fragmentation and improve efficiency. Such measures can contribute to bolstering the resilience and strategic focus of the multilateral system in the face of destabilising forces.

III. Promoting Southern self-reliance: Southern countries need to prepare for prolonged aid volatility by enhancing their financial self-reliance, which requires addressing domestic challenges and cooperation from traditional donor countries. Developing robust domestic capital markets, addressing tax avoidance and stemming illicit financial flows are essential. For example, recent success by Southern governments in shifting tax debates from the OECD to the UN points in this direction (Ganter, 2023). A more inclusive global tax framework – one that transcends donor-dominated spaces – could serve as a central lever for state capacity and macroeconomic resilience (UNCTAD, 2024). Still, such reforms cannot succeed without active engagement by DAC countries: Without cooperation from major economies, the transition to a more sustainable and equitable global financial system will remain out of reach.

IV. Fostering alliances beyond Trump: The events of early 2025 have demonstrated that Washington can no longer be relied upon as a stable pillar of international (development) cooperation. Those committed to reforming and safeguarding multilateral and bilateral collaboration must build alliances that are less dependent on US leadership. Although private actors such as Bloomberg Philanthropies can play a role (Volcovici, 2025), the primary burden will fall to states. Joint financing schemes in which both DAC and Southern countries contribute, triangular cooperation models (Haug, Cheng, & Waisbich, 2023) and multilateral reforms centring on the principle of “differentiated universality” (Haug, Gulrajani, & Weinlich, 2022) offer potential ways forward. Diplomatically, the current multipolar moment demands multi-alignment, not passive adjustment. Reviving the Alliance for Multilateralism, this time with Southern leadership – for example, Mexico or Singapore – could provide a platform for meaningful engagement (Baumann, Haug, & Beisheim, 2025; Ishmael, Klingebiel, & Sumner, 2025). Recent initiatives – such as the “Joint Declaration of Intent” to support the UN development system that was launched at the 2025 Munich Security Conference (BMZ, 2025) and endorsed by various Northern and Southern partners at the 2025 Hamburg Sustainability Conference – indicate that cross-continental coalitions in support of multilateralism might be able to contribute to a shift towards a global cooperation system beyond Western hegemony.

Conclusion

The global development landscape is entering uncharted territory, as the second Trump administration has accelerated an already ongoing shift away from Western-dominated aid structures. Beyond the unruly nature of Trump 2.0, this rupture also presents an opportunity:

namely, to reshape development cooperation in ways that are more inclusive, resilient and responsive to today's multipolar realities. In this paper, we have outlined four interrelated strategies geared towards making that opportunity a reality: refining DAC development cooperation approaches, strengthening the multilateral development system, promoting Southern self-reliance and building new alliances beyond the United States. Taken together, these recommendations can serve as stepping stones towards devising a roadmap for those committed to ensuring that the future of development cooperation is not simply a story of decline but also one of learning and renewal.

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4. Recasting Asia-Pacific middle powers as minilateral platforms in the interregnum of global development governance

Taekyoon Kim

Abstract

This paper argues that Asia-Pacific middle powers – Australia, Japan, New Zealand and South Korea – are uniquely positioned to revitalise multilateralism amid the current global “interregnum”, which is marked by a declining Western-led liberal international order (LIO), rising securitisation of development aid and the erosion of global development norms, especially under Donald Trump’s unilateralism. Traditional donors such as the United States and several European countries have cut or even retreated from global aid. At the same time, China has expanded its influence through initiatives such as the Belt and Road Initiative (BRI) and the Global Development Initiative (GDI). Asia-Pacific middle powers can fill the void by leveraging their democratic credentials, diplomatic agility and developmental experience. They can act as connectors between the Global North and South through inclusive minilateral coalitions, increased official development assistance (ODA) and proactive shaping of the post-2030 United Nations (UN) development agenda. However, their success depends on supportive domestic politics, a diplomatic balance amid the tensions between the United States and China, and institutional coordination. Yet, through strategic investment, norm entrepreneurship and cross-regional alliances – including cooperation with Canada, Scandinavian countries, the European Union (EU) and democratic BRICS states – Asia-Pacific middle powers can lead a re-imagined, resilient and just global development governance model rooted in rules-based internationalism and democratic values.

Introduction: the vortex of the interregnum

The concept of the “interregnum” by Antonio Gramsci (1971, p. 276) describes a period of profound political and social crisis in which dominant ideologies and institutions falter, leaving a vacuum before a new order is firmly established. The downfall of America’s unipolar moment and the revisionist challenge led by China and Russia mirror the Gramscian reflection with growing geopolitical fragmentation, economic inequality, environmental degradation, pandemics and weakened multilateral institutions. The LIO – once championed by Western hegemonic powers – is increasingly under strain due to rising authoritarianism, protectionism and nationalism. This dismal transformation reveals multilateral systems in flux, whereby traditional power structures are no longer sufficient to address and tackle transnational challenges via the LIO (Ikenberry, 2018; Mearsheimer, 2019).

The unfolding of Trump’s second administration since January 2025 serves as a catalyst for such a rapid global transformation within a far-right context branded by the unilateral ethos of “Making America Great Again” (Kim, 2025). His pro-Israel stance in the Gaza negotiations, threats to reclaim control of the Panama Canal and purchase Greenland, tariff frictions with China and even key allies, and his public humiliations of and arrogance towards President Volodymyr Zelensky and President Cyril Ramaphosa during tense Oval Office meetings all reflect a neo-imperialist disregard for multilateral diplomacy, favouring a unilateral and transactional approach instead. Most notably, Trump’s assault on the global aid architecture – marked by his decision to significantly gut the United States Agency for International Development (USAID), ending 86 per cent of its development projects, shuttering its

headquarters and dismantling approximately 42 per cent of the global humanitarian aid system – further accelerates the erosion of the Western-led aid model (Haug, Novoselova, & Klingebiel, 2025). This shift undermines core principles of international development cooperation – such as humanitarian neutrality, untied aid, poverty reduction, transparency and accountability – paving the way for a transactional development paradigm that explicitly ties foreign aid to the commercial and geopolitical interests of donor states (Usman, 2025).

In response to the withdrawal of the United States from global development aid, China has moved assertively to occupy the resulting strategic vacuum, expanding its influence through infrastructure investments and bilateral assistance such as the BRI and President Xi Jinping's GDI. To challenge and replace the West-led LIO, China has been riding on the interregnum, which provides Beijing with new geopolitical windows of opportunity to launch the new standard of civilisation through both bilateral and multilateral channels (Kim, 2024). In May 2025, China pledged to deepen its bilateral engagement with Pacific Island nations by expanding market access for their products, boosting economic aid and supporting climate change efforts. This initiative comes as the United States pulls back from international commitments, including foreign aid and climate negotiations. In the case of its multilateral engagement, for instance, China announced a US\$500 million donation over five years to the World Health Organization (WHO) in May 2025, aiming to expand its influence within the organisation. This move follows Trump's decision to withdraw from WHO, creating a multilateral leadership vacuum in the international health body.

Against this backdrop, this paper seeks to explore which actors are both qualified and willing not only to contain the variety of morbid symptoms emerging during the interregnum, but also to sustain the LIO through a new framework of multilateral or minilateral cooperation. I propose a conceptual thinking framework in which Asia-Pacific middle powers, through democratic minilateralism, are uniquely positioned to help stabilise global development governance in the face of Trump 2.0-induced fragmentation. At the centre of this proposed navigation are the Asia-Pacific middle powers – particularly, Australia, Japan, New Zealand and South Korea – which are properly identified as defenders of liberal international norms by mediating international tensions and sustaining development partnerships between the Global North and South. In the shifting tides of the international order, the role of these middle powers in the Asia-Pacific region has become increasingly salient. It is thus worthwhile to examine how these Asia-Pacific states – in response to the retreat of American development commitments, the austerity measures of European donors and the rise of Southern multilateralism – can redefine their global roles as democratic connectors aiming to reduce geopolitical uncertainty and stabilise the field of North-South relations through international practices such as increased aid, middle-power diplomacy and minilateral coalitions (Adler & Pouliot, 2011). The increasing complexity and instability of global interdependence in the realm of development cooperation present both a challenge and an opportunity for these middle powers to redirect global attention from the Indo-Pacific to the Asia-Pacific, and to assume democratic leadership in shaping a new, more inclusive model of global development governance that bridges the Global South and North.

Trump 2.0 as accelerant

Trump's second term introduces qualitatively new dynamics that significantly accelerate the fragmentation and securitisation of global development cooperation. Unlike the gradual, domestically driven reduction in development spending in Europe – which has been shaped largely by internal fiscal pressures and migration-related securitisation – the Trump 2.0 approach is marked by a more overt and ideologically driven dismantling of multilateral aid structures, exemplified by the shuttering of USAID and open disdain for the post-2030 UN development agenda. Such actions not only undermine the institutional underpinnings of the global aid architecture, but also signal a retreat from US normative leadership in multilateral

development governance. The resulting strategic vacuums – particularly in fragile states and multilateral fora – create space for China to expand its influence through state-centric, infrastructure-driven financing models, further eroding the credibility of US soft power and polarising the development landscape. In this context, global development governance must seek a new alternative that is capable not only of advancing democratic, rules-based approaches that uphold inclusive, transparent and accountable development practices, but also of mitigating the adverse effects of Trumpist aid retrenchment and safeguarding the integrity of the global aid ecosystem. Asia-Pacific middle powers can emerge as one of the viable actors in this role.

The retreat of European donors

Along with the Trump administration, European donors have increasingly securitised their foreign aid strategies for the sake of their own national interests. This conservative shift reflects the integration of development policy with migration control, counterterrorism and national security interests. Aid budgets are increasingly being used to deter migration from Africa and the Middle East, fund refugee-hosting arrangements in third countries and support policing programmes in fragile states. As a result, the transformative power of development assistance is being diluted, thereby increasing the in-country refugee costs and prioritising industrialisation over charity. In fact, the AidWatch report published by CONCORD (2023) found that 20 per cent of EU and UK ODA in 2022 did not reach marginalised communities in most of the world, as spending was inflated by in-country refugee costs.

Such a reorientation is not merely a provisional measure; it reflects a structural shift. European donors have been restructuring their development aid by moving away from traditional grants towards investment-driven funding, while simultaneously cutting budgets and prioritising defence development (Chase-Lubitz, 2025). Domestic backlash against globalisation and ongoing spending cuts have compelled governments to justify aid spending in terms of national interests. As a result, ODA commitments have been suspended or scaled back, and the normative leadership in global development – once centred around poverty eradication and capacity-building – has receded. In this vacuum, the leadership and innovation of non-traditional donors have become more vital than ever.

By contrast, Asia-Pacific middle powers can fill this void by offering an alternative vision for global development cooperation. In the case of South Korea, its historical experience as an aid recipient during the 1950s, 1960s and 1970s lends empathy and credibility in its relations with partner countries, while its democratic credentials and economic capabilities enhance its legitimacy (Kim, 2025). By prioritising long-term development goals – such as climate change adaptation, human security and institutional resilience – these middle powers can reaffirm the normative value of aid and their foundational links to peace and stability (Kim, Howe, Bae, & Shin, 2018).

The expansion of Southern multilateralism

Parallel to – and unrelated to – the reduction in Development Assistance Committee (DAC) donor commitments, the Global South has gained prominence through increasingly assertive and diversified multilateral solidarities since the 1955 Bandung Conference. The recent iteration of Southern multilateralism – distinct from the traditional principles of the Non-Aligned Movement – emphasises pragmatic hedging, multi-alignment and issue-based coalitions. Rather than representing a direct challenge to the LIO, it signals the emergence of a parallel order that both complements and competes with it (Roy, 2023). Therefore, the notion of Southern multilateralism offers a complementary yet constructive challenge, insisting on shared global responsibilities and greater inclusion within existing multilateral institutions. Countries across

Asia, Africa and Latin America are now actively pursuing foreign policies that eschew binary Cold War–style alliances; instead, they engage with multiple partners, selectively aligning with those that best serve their strategic and developmental interests.

With the inclusion of new members such as Egypt, Argentina, the United Arab Emirates and Indonesia, BRICS+ exemplifies this emerging logic. These states are also driving the institutionalisation of alternative financial instruments such as the New Development Bank and the Contingent Reserve Arrangement, which aim to reduce dependency on Bretton Woods institutions. Additionally, regional platforms such as the African Continental Free Trade Area (AfCFTA) and the Community of Latin American and Caribbean States (CELAC) demonstrate growing confidence in regional problem-solving. Despite its increasing prominence, however, Southern multilateralism faces significant limitations, including a lack of sustainability, internal competition among member states and the emergence of neo-colonial dynamics within South-South relations (Lee & Gray, 2016). In the absence of a contentious but constructive relationship with the Global North, the long-term viability of Southern multilateralism remains uncertain.

This diversified global landscape calls for equally adaptive middle powers that can bridge the increasingly complex North-South divide, facilitate constructive dialogue, and build sustainable partnerships grounded in mutual respect and shared goals. By embracing inclusive multilateralism and supporting global public goods, Asia-Pacific middle powers can strengthen a development narrative that reflects the pluralistic nature of global politics.

Revisiting Asia-Pacific middle powers as a democratic linchpin connecting the Global South and North

Although they are not superpowers, middle powers still possess moderate yet credible influence in global affairs and are able to play a critical role in rethinking multilateralism for development cooperation in global politics (Cooper, Higgot, & Nossal, 1993). These states often exert their influence through diplomacy, multilateral engagement and coalition-building, rather than through coercive or unilateral means (Cooper, 2016). This paper specifically focuses on liberal democratic middle powers, as they tend to maintain a strong commitment to international institutions as leading democracies of multilateral coalitions to tackle global humanitarian crises, even as the United States turns inward. Although structurally subordinate to great powers, democratic middle powers often adopt the role of good international citizens that construct their identities as middlemen connecting like-minded democracies among middle powers (Manicom & Reeves, 2014; Ravenhill, 1998). They contribute to the provision of global public goods for development, uphold democratic norms in multilateral platforms and bridge divides between the Global South and North.

Indeed, Australia, Japan, New Zealand and South Korea embody the high-end qualities of effective democratic middle powers in the Asia-Pacific: economic stability, democratic governance and diplomatic agility. In the Indo-Pacific, democratic middle powers such as Australia and Japan – despite being geographically distant from the centres of global power – have also formed new cooperative frameworks, such as the Quadrilateral Security Dialogue (“the Quad”) between the United States, Japan, India and Australia. These regional arrangements represent a growing tendency towards minilateralism that is not necessarily reliant entirely on the United States as a central player, but rather seeks to balance power within specific regions. South Korea – another middle-power democracy in East Asia – also has been aligning itself with minilateral initiatives such as MIKTA (Mexico, Indonesia, Korea, Turkey and Australia), a group that advocates for democratic values, market-based economics, international development cooperation and global security (Baydag, 2021). As a good model of the East Asian miracle – experiencing a successful transformation from a poverty-stricken non-democracy to an affluent and democratic state – South Korea would be recognised as an ideal

candidate for showcasing to the Global South the potential of economic development, political democratisation and social stability in a rapidly changing global environment (Kim, 2017). Additionally, trilateral cooperation between the United States, Japan and South Korea established by the Biden administration has been reinforced, especially with respect to regional security concerns in East Asia. Since Trump is loath to take over Biden's triangular initiatives, Seoul and Tokyo are likely to carry them forward – even without US involvement – to fill the gaps left by Washington's diminishing presence in minilateral cooperation.

Asia-Pacific middle powers are increasingly converging on minilateralism to address regional and global challenges. Minilateralism will emerge as a unifying framework: A minilateral coalition in the context of development governance refers to strategic, small-scale cooperation among a select group of like-minded states – Asia-Pacific middle powers in this paper – that aim to shape global development norms, practices and institutions more effectively than is possible through large, consensus-driven multilateral platforms. Unlike traditional multilateralism, which can be slow and constrained by institutional inertia, minilateralism offers a more agile and targeted approach, allowing middle powers to address pressing development challenges such as climate change, health security and digital infrastructure governance.

As democratic linchpins of minilateral coalitions, Asia-Pacific middle powers can act as intermediaries building bridges between the Global North and South. They share historical and economic ties with both sides, providing them with the legitimacy to mediate interests and promote mutual understanding. Specifically, South Korea's and Japan's experiences as both aid recipients and donors – albeit at different periods – lend authenticity to their advocacy for a rules-based international order by sharing their developmental knowledge with the Global South and inviting other like-minded donors from the Global North. These middle powers, therefore, can frame effective connectivity for development cooperation in triangular ways that resonate with Southern priorities such as economic development, climate funding, digital transformation and health resilience, together with traditional DAC Western donors located in the Global North.

Strengthening rules-based internationalism by expanding Asia-Pacific minilateralism beyond regional middle powers

The Asia-Pacific middle powers can contribute to revitalising and sustaining the rules-based international order by forging deeper regional solidarity in the form of minilateralism. This involves leveraging shared values such as democratic governance, open markets and multilateralism to counteract the revisionist tendencies of China and Russia and the transactional unilateralism being led by the United States. Also, these middle powers can strengthen collective actions by sending a strong message about the viability of an inclusive global order and the sustainability of the LIO to key stakeholders in the Global North and South. Such regional minilateralism can be institutionalised through regular summits, joint ODA initiatives, policy dialogues, joint multilateral commitments and multilateral development financing among Asia-Pacific middle powers.

Building on the minilateral frameworks of the Asia-Pacific, these middle powers can lead in forming such democratic coalitions beyond the Asia-Pacific region. The most promising avenues for expanding Asia-Pacific minilateralism result in connecting Western democratic middle powers – primarily Canada in North America and the Scandinavian states in Europe – with emerging Southern democracies such as Brazil, India and South Africa within BRICS. Oliver Stuenkel (2025) argues that these three democratic BRICS members are losing leverage due to the growing dominance of authoritarian states within the group, particularly Russia and China. He further suggests that re-energising the dormant IBSA Dialogue Forum (India, Brazil and South Africa) could offer an alternative platform for promoting democratic governance within BRICS. Furthermore, Asia-Pacific middle powers can expand their minilateral influence in

partnership with the EU, which has remained a vocal advocate of multilateralism in response to Trump's protectionist policies and offers a compelling model of regional integration.

Minilaterals can serve as incubators for larger multilateral initiatives, testing policy frameworks and generating momentum for broader adoption. To tackle the disarray caused by the Trumpian unilateralism, the UN has become an even more important platform for global cooperation where Asia-Pacific middle powers and the democratic Southern/Northern partners can team up with universal goals for global development. Given that the UN's Sustainable Development Goals are likely to remain unfinished projects by the end of 2030 due to donors' self-centred aid objectives and the lack of multilateral solutions, its preparations for a post-2030 development agenda can provide a collective framework for countries to unite in pursuit of shared global objectives.

Although Trump's contempt for international organisations is well known, many countries, particularly those in the Global South, have relied upon the UN and consider it to be a universal vehicle for advancing their development agendas. The global process of bringing about an agreement on new development goals beyond 2030 inside the UN will serve as a litmus test for whether multilateral cooperation under alternative coalitions between democratic middle powers and leading democracies of the Global South – particularly Brazil, India and South Africa – can succeed without the involvement of the United States (Kim, 2025). In the possible absence of active participation from the second Trump administration, discussions on the UN's post-2030 development agenda may open space for a coalition of middle-power democracies. Asia-Pacific middle powers and their minilateral arrangements can play a central role in convening like-minded democracies from both the Global South and North to promote a new global leadership that translates shared ideas for the post-2030 development framework into action.

Another factor in how Asia-Pacific minilaterals could strengthen the LIO and fill the gap in global development cooperation left by Trump-era retrenchment lies in their contributions within the development landscape. Asia-Pacific middle powers have been increasing their ODA budgets, thereby expanding aid portfolios to address critical gaps in health, food security, governance and infrastructure – areas severely affected by the withdrawal of the United States. Japan ranked the third-largest DAC donor in 2023, with its ODA reaching US\$19.6 billion – a 12 per cent increase from the previous year – despite a subsequent decline to US\$16.77 billion in 2024, largely due to yen depreciation. Australia's 2025-2026 ODA budget is set at US\$3.22 billion, an increase of US\$85.8 million from the previous year, reflecting a strategic recalibration aimed at reinforcing Indo-Pacific stability in response to the US aid retrenchment under Trump 2.0. Similarly, New Zealand's ODA reached US\$780.8 million, marking a 0.5 per cent real increase compared to the previous year, and accounting for 0.32 per cent of gross national income, which was a notable rise. More notably, South Korea demonstrated a record-breaking surge in ODA, with its 2024 budget set at US\$4.7 billion – a 37 per cent jump over the prior year – and a further planned increase to US\$4.9 billion for 2025, representing an 8.5 per cent rise and the largest annual allocation to date. Compared to the United States and European donors, the recent decisions by Asia-Pacific democratic donors to increase their ODA budgets merit particular attention. Moreover, a coordinated effort among these four middle powers to form development partnerships through minilateral arrangements would represent a significant strategic move. Such collaboration could generate synergy effects, amplify their collective influence in reaffirming development norms in global multilateral platforms and contribute eventually towards sustaining the LIO in a fragmented development governance.

In addition to their financial capacities, Asia-Pacific middle powers could leverage minilateral cooperation to coordinate aid allocations and pool resources, enabling large-scale regional initiatives focused on climate resilience, health security and humanitarian crisis responses – such as in the case of Myanmar. Such minilaterals not only strengthen regional impact but also have the potential to scale up to global development agendas beyond the Asia-Pacific by fostering diverse partnerships across the Global North and South. Asia-Pacific minilateral

platforms can thus serve as engines of a renewed multilateralism by working with other like-minded minilateral groupings such as MIKTA, and by partnering with democratic actors such as India and Brazil to counterbalance the growing influence of non-democratic revisionist powers such as China and Russia. In this evolving landscape, Japan and South Korea have increasingly positioned themselves as “global connectors”, bridging divides and reinforcing democratic norms across regions. Former Prime Minister Fumio Kishida branded Japan as a “global connector” at the G7 Hiroshima Summit in 2023. Similarly, the 2025 campaign manifesto of South Korea’s newly elected president, Lee Jae-myung, included the vision of South Korea as a global connector, grounded in the country’s compressed experience of modernisation, which can be properly shared with the Global South.

By way of conclusion: some caveats

As the global system grapples with the uncertainties and morbid symptoms of the interregnum, Asia-Pacific middle powers are aptly suited to lead the reimagining of multilateralism through a regionally centred form of minilateralism. By scaling up ODA and related development commitments, acting as global connectors and forming issue-based minilateral coalitions, they can play a pivotal role in sustaining and revitalising the LIO. Their dual identity – as both beneficiaries and champions of liberal internationalism – enhances their credibility as effective mediators in an increasingly complex international environment. As like-minded democratic middlemen, these states can help maintain the rules-based global development governance capable of overcoming the constraints imposed by Trump’s transactional unilateralism.

Above all, the liberal democracies of the Asia-Pacific – Australia, Japan, New Zealand and South Korea – should assume central roles in collective coalitions that reaffirm the value of multilateralism in the face of transactional and protectionist backsliding. These states have consistently advocated for global cooperation on critical issues such as climate change, democratic resilience, good governance and open trade, underpinned by liberal democratic values. Furthermore, they can play a significant role in bridging the Global South and North by encouraging participation from like-minded middle powers in the North and leading democracies in the South, while also expanding their multilateral influence within an evolving post-2030 UN development agenda framework.

Despite their promising potential, Asia-Pacific middle powers will face several key challenges. First, their domestic political environments must remain supportive of international engagement and cooperative development for Asia-Pacific minilateralism. The spill-over effect of nationalism or the securitisation of ODA for narrowly defined national interests from Western DAC donors to the others could constrain foreign aid and multilateral commitments. Second, intensifying geopolitical rivalries – especially between the United States and China – may force these states into difficult strategic choices, testing their capacities to maintain diplomatic balance or requiring hedging strategies to avoid these complexities.

A further caveat lies in the operational dimension. Coordinating middle-power diplomacy requires sustained institutional investment and long-term strategic planning. Without cohesive frameworks or shared platforms, middle-power initiatives would risk fragmentation and inefficiency. It is also imperative to address the perception gap that often downplays middle-power influence, dismissing their diplomatic initiatives as symbolic or secondary to great-power politics. To counteract this, Asia-Pacific middle powers must clearly articulate the strategic rationale and normative vision behind their actions, and proactively invite like-minded democracies from both the Global South and North to join their efforts.

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5. Collectively the largest donor and now what? The EU as a global development actor under Trump 2.0

Niels Keijzer

Abstract

The European Union (EU) has long prided itself on being a global leader in the provision of official development assistance (ODA) and has sought this status to exert influence on the global development agenda. Based on this position and legacy, as well as given its more recent political ambitions to become a more pronounced and ambitious geopolitical actor, one might expect that the closure of the United States Agency for International Development (USAID) would present opportunities for the EU to step up its engagement and expand its influence. Yet the EU's response has been both hesitant and defensive. This contribution makes two key observations in this respect. First, the EU's self-assigned status of being a leading global ODA provider was eroding long before Trump re-entered office. Second, due to cuts and incompatible policy preferences, the EU is unwilling and unable to reposition itself in response to the gaps in funding that have resulted from the closure of USAID.

Introduction

Twenty years ago in the year 2005, in Westminster Palace, the then European Commissioner for Development, Louis Michel, announced that the EU and its 25 member states were “the largest donor in the world giving 56% of all ODA”. He added that this financial volume would translate to political influence in this domain: “Together we can set the international agenda, by promoting our common values and our common principles” (Michel, 2005). At this time, with 10 new member states just having joined the Union, the EU's collective ODA budget was expected to steadily increase – both for the long-established providers and those member states that had recently joined, and were still recipients of ODA not long ago. This was a time of high conjuncture when the ODA budgets of the EU member states were increasing year after year, following their growing economies. As Michel's statement suggested, it was expected that the EU would be able to derive and exert a collective political influence from its growing joint contribution to global development.

Under the Project 2025 agenda associated with him (see Heritage Foundation, 2023), it was commonly known that US President Donald Trump's second term in office would be accompanied by considerable cuts to the country's bilateral ODA budget. Although few would have anticipated the speed and manner with which USAID was shuttered in January 2025, there was an absence of direct collective responses by the EU as the self-proclaimed leading global ODA provider. There also seemed to be no discussion on the EU's development policy response, either in the run-up to or in the aftermath of the dramatic events around the shuttering of USAID.

In fact, as this paper examines, the majority of the leading EU member states – in terms of their absolute and relative ODA budgets – announced budget cuts in 2024, with Belgium announcing a 25 per cent budget cut after USAID had been effectively closed. These budget cuts have reduced the EU's capacity to respond to USAID's demise and all the potential avenues for increased global development influence that the scrapping of American projects have opened for the EU, ranging from public health to democracy support. This paper argues that, even if the EU member states had not been in the process of cutting their own ODA budgets and the EU's budget was not focused on other objectives, their cooperation agendas were by

and large not compatible with the gaps left by the United States. Last but not least is the reality that the EU and the member states may statistically add up to being the largest collective donor, but in reality they do not act as a single actor – notwithstanding promising initiatives such as Team Europe and the Global Gateway Initiative (Koch, Keijzer, & Friesen, 2024).

Pressuring your peers: the EU and the ODA target

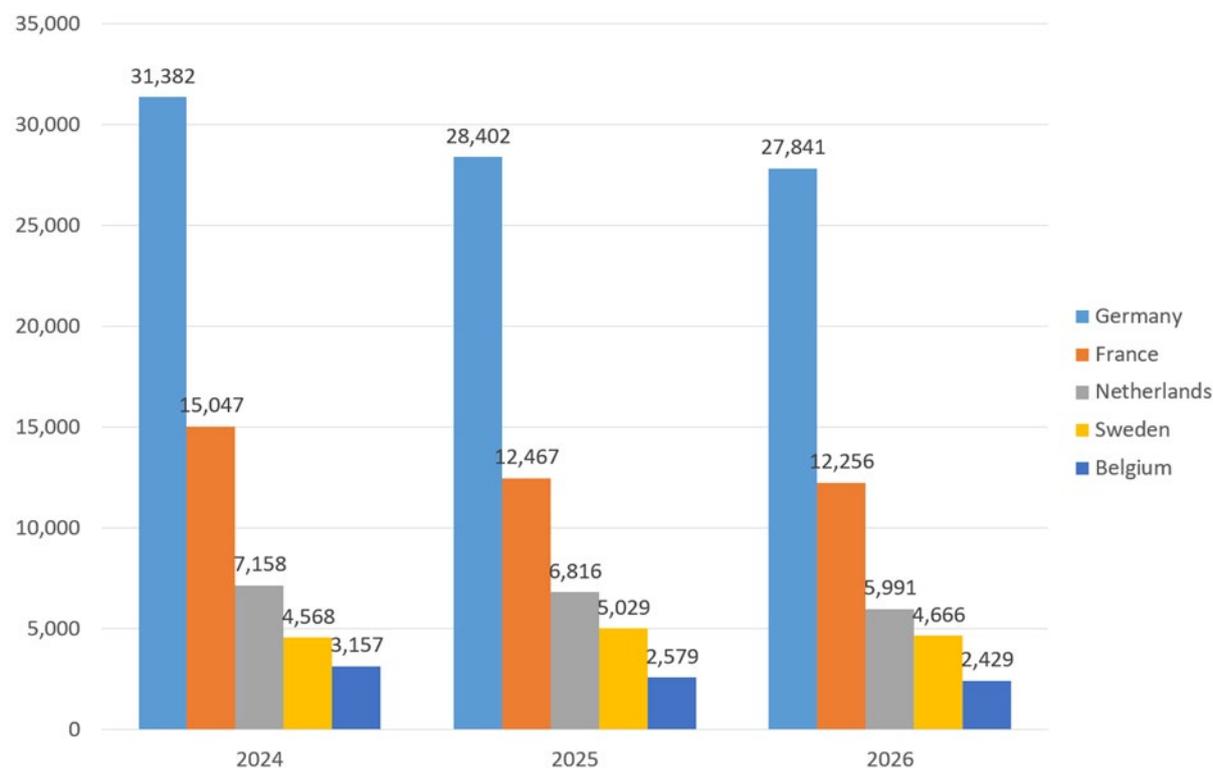
In part owing to the size of their combined contributions, but also due to the significant differences in the sizes of their respective economies, the EU and its member states have long emphasised their performance in relation to the international ODA input target. Adopted in the UN more than half a century ago in 1974, and expressed as 0.7 per cent of a country's gross national income, the target was considered to compare the performances of countries both large and small as to their contributions towards global development. With reporting according to a jointly determined Creditor Reporting Standard, facilitated by the OECD, the idea was that annual reporting would be a source of peer pressure, which would encourage underperforming countries to catch up. The EU supported this peer pressure agenda and, after 10 new member states joined in 2004, committed to collectively achieving this target in 2005 and to monitoring its own performance over time in annual political statements (Michel, 2005).² During its most recent ministerial statement on 24 June 2024, EU ministers stated: "The EU and its Member States accounted for 42% of global ODA in 2022 and 2023, and have confirmed their leadership on the global agenda for sustainable development" (EU, 2024, p. 2).

Although the political architects of the 0.7 per cent target were hoping for the target to be reached at the end of the decade when it was first adopted, this did not happen and the target continues to remain out of reach. Whereas there has been limited evidence of positive peer pressure, the years following the 2008 global economic and financial crisis – and the ensuing surge of populist politics in many OECD countries – show signs of negative peer pressure: Once one government reduces its ODA, other countries appear to come under greater pressure to maintain their contribution levels. Figure 1 shows the trend in selected EU member states' past and planned ODA budgets.

The EU time and again emphasises the size of its collective ODA contribution, in contrast to the United States, which – owing to the size of its large economy – never saw much purpose in profiling its contribution in relation to the 0.7 per cent ODA target.³ Yet, there are two reasons why the EU's proactively communicated self-image of being the largest ODA provider in the world has eroded in recent years, prior to the Trump 2.0 administration.

2 This own monitoring was also necessary due to the collective EU target, given that the new members of the EU were not members of the OECD's Development Assistance Committee and thus were not reporting their ODA expenditures to Paris at that stage.

3 The most recent occasion was by EU high-representative Kaja Kallas on 28 May 2025 while this paper was being drafted (European Commission, 2025).

Figure 1: Projected ODA cuts in selected EU member states (May 2025, US\$ millions)

Source: Own elaboration based on Donor Tracker (Laub et al., 2025)

The first reason is that key EU member states were reducing ODA budgets long before Trump was re-elected and began his second term in office. As an OECD statement illustrates, this was already reflected in a drop in global ODA: “Total ODA in 2024 fell by 7.1% in real terms compared to 2023, marking the first drop after five years of consecutive growth” (OECD, 2025). Moreover, the considerable differences between the bilateral ODA budgets of the 27 EU member states means that the performances of the largest members (see Figure 1) considerably affect the EU’s overall performance. Looking back at 2023 ODA data, the EU and the five largest member states represented 80 per cent of the EU’s total ODA (EU and the 27 member states) disbursed that year.⁴ The 15 EU member states that had the lowest bilateral ODA budgets (all below US\$1 billion) together represented 3.4 per cent of that same total. Judging by their available means, the majority of EU member states do not possess sufficient implementation capacity and budgets to really work together and carry out joint actions.

It is to be expected that 2025 ODA budgets for some EU member states may be adjusted downwards, while 2026 ODA budgets are already expected to be lower for many (e.g. as announced by the Netherlands). This will, in turn, also affect their positions on the long-term budgets for the EU institutions – the so-called Multiannual Financial Framework for the period 2027-2034 – for which negotiations will pick up speed after the summer of 2025. Against the backdrop of these ongoing budget cuts, it remains unclear to what extent the EU is expected to continue to emphasise its collective contribution to global ODA.

A second reason why the EU’s self-image of being a leading ODA provider has eroded has been the considerable changes made to the reporting rules for ODA during the last two decades, as well as the EU’s increased reporting of domestic expenditures as ODA under the existing rules. One such type of spending is the category of “in-country refugee costs”, which in 2022 – when

⁴ In order of size, the five EU member states with the largest bilateral ODA budgets in 2023 were Germany, France, the Netherlands, Italy and Sweden.

European states accommodated large numbers of Ukrainian refugees – amounted to 14.7 per cent of global ODA costs, the bulk of which was reported by European countries (OECD, 2024, p. 2). Adding scholarship, administrative costs and development awareness activities, 22 per cent of global ODA was spent domestically in 2023 – up from 10 per cent back in 2010 (Van Teutem, Ritchie, & Arriagada, 2010). Adding to this is the expanded use of European ODA to fund cooperation with more short-term objectives – notably the EU’s funding to Ukraine but also its considerable amount of migration-related expenditures (including on refugee camps) – for which links to long-term development remain hard to determine. Although this allowed for maintaining ODA levels, it has been at the expense of the “identity” of these expenditures. All in all, the figures show an increasing pressure on European ODA budgets to fund a widening set of expenses and expanding set of purposes, which erodes the EU’s arguments that its collective budget volume makes it a “thought leader” in international development cooperation.

The critique that the EU and its member states do not operate as a collective – and the decline in visibility that this is considered to contribute to – has been responded to since the pandemic, when the need and desire to increase this visibility became more politically salient. This has led to efforts to promote both the packaging and joint operating of the EU and its member states with distinct themes through large so-called Team Europe Initiatives (see Koch et al., 2024), as well as through the EU’s Global Gateway Initiative, which seeks to strengthen the EU’s external investment in the area of infrastructure – broadly defined (see Keijzer, 2024). Yet again here, the bulk of these joint initiatives depend on the EU and a small number of EU member states with sufficient bilateral ODA to contribute towards such joint initiatives.

The EU’s non-response to USAID’s demise

As it happened, the EU hosted its EU Ambassadors’ Conference some two weeks after the USAID executive order from 3-7 February 2025. The conference is an annual event that brings together the EU’s ambassadors from more than 145 of its delegations and offices abroad, as well as heads of EU military and civilian missions, heads of the Commission representations to the EU member states, and various special advisors and envoys. The event thus provided an important occasion for the EU to respond – with the conference attracting key European Commissioners, as well as the EU’s High Representative for Foreign and Security Policy (HRVP), the Commission President and the Council President.

Curiously, the EU’s responses to USAID’s demise could be summarised as answers to questions that nobody asked. During the conference, the European Commissioner for International Partnerships stated on 6 February that “since we cannot do everything everywhere all at once, we need a focus on our real strategic interests. The Strategic Compass, the upcoming Clean Industrial Deal, and the ongoing work on economic security provide the pointers” (Síkela, 2025). A week later on 13 February, the HRVP responded to news about USAID: “We agreed that we are not automatically filling the void with European money because, first, we don’t have those funds” (European News Room, 2025). The response that the EU was not going to automatically fill the funding gaps was curious, since no country or organisation voiced such expectations. Yet, the response and the exposé of priorities by the International Partnerships Commissioner also showed that the EU certainly did not have the means, nor the volition to fill any of these gaps left by USAID and where it could profile itself.

The main reason that explains this reluctant response by the EU is that its political priority for development policy has moved away from some of the main areas of focus of USAID – these being agriculture, global health, education and democracy promotion. This is not to say that EU development cooperation is not addressing these issues, but rather that the political emphasis and thrust for expansion has been focused elsewhere. Table 1 offers an overview of mission letters of the two past and current European Commissioners responsible for development policy. It shows that the priority has moved towards using development policy to promote the EU’s

broader private-sector agenda – and its contribution to various other EU policy areas. With Ukraine, the private sector and migration-related expenditures drawing considerable resources, the reality was that it was not in the EU’s strategic interest to step into any of the areas covered by USAID.

Table 1: Mission letters compared

Mimica (2014)	Urpilainen (2019)	Sikela (2024)
<p>“Your objective will be to ensure that we can adapt our development policy to the evolving needs of our partner countries, delivering on our commitments to the Millennium Development Goals (MDGs) and the eradication of poverty in the context of sustainable development.”</p>	<p>“Over the next five years, your main objective will be to ensure the European model of development evolves in line with new global realities. It should be strategic and effective, should create value for money and should contribute to our wider political priorities.”</p>	<p>“In recent years, the EU has maintained its unwavering commitments on development and on the eradication of poverty, while taking a more a more assertive approach in aligning its interests with its partnerships in a more contested and unstable world. [...] It is essential that we continue this work as part of our economic foreign policy to ensure we create long-term, mutually beneficial partnerships, investing in a common future with our partners and committing for the long term.”</p>

Own elaboration based on mission letters posted on the Commission’s public website; emphasis in the quotes added by the author (European Commission, s.a.)

Conclusion

As this short analysis has shown, the EU has profiled itself as a global leader in the provision of ODA and has sought to turn this financial volume into political influence upon global development agendas. Although it initially showed important ambition and growth, the EU’s performance in this field stagnated after the 2008 global financial and economic crisis. Rather than the EU operating as a collective, its total ODA is predominantly composed of the EU budget and a minority of EU member states with larger ODA budgets, whereas the significant majority of member states contribute little – both in absolute and relative terms. The EU’s ODA portfolio has also become more fragmented over time, with a growing portion of it being spent domestically, in part facilitated by reforms to the OECD’s ODA reporting rules that the EU has supported. These two factors combined have eroded the credibility of the assumption that the EU operates as an ODA collective, and thus of its policy influence.

Based on this position and legacy – as well as given its recent political ambitions to become a more pronounced and ambitious geopolitical actor – it could have been expected that the demise of USAID would present opportunities for the EU to step up its engagement and expand its influence. Yet, the EU’s response has been both hesitant and defensive. Two reasons were identified here to explain the EU’s non-response. First of all, the EU was preparing and making budget cuts long before Trump re-entered office, making it harder to position itself in such a way so as to advance the global ODA agenda. Second, due to the desire to expand its cooperation portfolio in areas that are basically incompatible with the thematic gaps left by USAID, the EU is both unwilling and politically unable to choose one of these niches in which to profile itself.

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6. USAID and Trump’s war on “woke”

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Abstract

The global development sector was in trouble before the astonishingly chaotic and comprehensive dismantling of the United States Agency for International Development (USAID) by Donald Trump and Elon Musk. Communities and organisations across the world are now reeling from the immediate impacts, while the medium- and longer-term challenges – and opportunities – within the wider sector are far from clear. This short paper picks up on one particular element of the attack on USAID, which was a (distorted) criticism that it was “woke”. This has wider relevance within the United States, but it extends to a world in which conservative authoritarianism is rising. Critical scholars and progressive development actors must grapple with the reverberations and popularity of these “culture war” politics.

Introduction

Most critical commentaries on the dismantling of USAID and other parts of the US aid system have rightly focused on its immediate and longer-term humanitarian and developmental consequences, the implications for local and global development institutions and governance, and its profound geopolitical reverberations. The speed, scope and brutally chaotic nature of Trump and Musk’s actions represent a deep rupture with the post-1960s North-South liberal aid regime. That said, in most respects, their actions are not a significant change from the recent direction of travel within the international aid landscape, but rather an unprecedented amplification. Among other trends, foreign aid was already shrinking in absolute and relative terms; its economic and developmental significance has been increasingly sidelined by remittances and other non-aid flows; aid agencies have been merged with foreign affairs and trade departments; and explicit assertions of the national interests of donors have become commonplace.

Where the second Trump presidency’s attack on foreign aid, development and humanitarianism stands out more distinctively in comparison to its OECD Development Assistance Committee (DAC) peers – at least for now – is the prominence of a highly distorted and inflammatory framing of “woke”, and the extraordinary degree of visceral loathing with which that is being presented and weaponised. This projection has especially old and deep roots in highly racialised cultural, regional and class politics of the United States, and it has been amplified within a distinctively American media landscape. To be clear – as used by Black Americans and allies to refer to Black social and political consciousness and collective solidarity – woke is an important term with an honourable history and present. What Trump and his fellow travellers refer to as “woke” is a distorted and prejudicial version, and it is this that we primarily examine here.

* This piece was originally presented at the EADI Development and Development Policy in the Trump Era workshop (Bonn, 21 May 2025). My thanks to the organisers, Stephan Klingebiel and Andy Sumner. It was then written up into a longer piece for Development Policy Review in collaboration with Glenn Banks, Chloe Sanyu, Regina Scheyvens and John Overton. With DPR and co-author’s permission, a shorter version is offered here.

The projection of and assault on “woke” USAID

There is no shortage of examples of USAID – and US humanitarian and development institutions and policies more broadly – being described and attacked as “woke” by the Trump administration and its supporters: from Fox News presenters to a plethora of social media channels and op-ed pieces (see, for example, Lonsdale & Black, 2025). A more formal intervention comes from Project 2025, the 900-page Heritage Foundation publication described as a “playbook” for the second Trump presidency. The chapter on USAID was authored by Max Primorac (2024), a one-time USAID staffer. In parts, the tone and content are what might be expected from a strongly conservative think tank analysing different elements, functions and strategic leverage points within the organisation. As is so often the case in the strange politics of aid, critical scholars and analysts might also find points of contact with some of the Project 2025 critiques, such as excessive corporate profiteering by Washington insiders. Project 2025 did *not* make a case for the dismantling of USAID – it proposed shrinking it to pre-Covid levels, although it also recommended making many more political appointments to explicitly subordinate it to Presidential agendas. Much more could be said about this chapter, but relevant to our focus here is the tone, framing and content when the discussion turns to USAID’s role in “promoting abortion, gender radicalism, climate extremism, and other woke ideas” (Primorac, 2024, p. 263). The chapter essentially argues that the Biden administration

has deformed the agency by treating it as a global platform to pursue overseas a divisive political and cultural agenda that promotes abortion, climate extremism, gender radicalism, and interventions against perceived systemic racism. It has dispensed with decades of bipartisan consensus on foreign aid and pursued policies that contravene basic American values and have antagonized our partners in Asia, Africa, and Latin America [...] and US foreign aid has been transformed into a massive and open-ended global entitlement program captured by – and enriching – the progressive Left. (Primorac, 2024, p. 286)

Decades of culture war politics have paved the way for this sort of statement. “Woke” here projects a dark, systematically organised, existential threat by heavily racialised enemies within, to (white, straight, conservative) “American” values and the nation. By its nature, this therefore demands a purging of institutions, a foundational reset of gender, family, science and more, inside the United States and in its foreign policy. The Trumpian critique of USAID as “woke” is not trivial in its larger political rationale or its consequences (for a more comprehensive analysis, see Pagel, 2025). Here we make three short interventions.

Analysis

The first point is the most obvious, namely that women, children and other vulnerable groups are likely to be most heavily hit: More general aid cuts will fall hardest on them (e.g. ActionAid, 2025), as will the more specific loss of funding and programmes oriented towards women, children and more vulnerable groups, including infant and maternal care and LGBTQ+ initiatives.⁵ They will also be most affected by the enabling effect on other conservative forces, including religious organisations, partner governments and other DAC donors. The Trump administration has been proactive and unrelenting in stripping away any programme that hints at diversity elements or goals, particularly those focused on climate or reproductive rights. At the same time, progressive civil society organisations – which are important champions of the interests of the marginalised – are coming under renewed attack (again, this trend predates Trump 2.0 in the United States and among many DAC donors), and many are shutting or being

5 For a broader analysis of the damage created by the USAID cuts, see Banks, Prinsen and Scheyvens (2025).

diminished. Project 2025 makes a virtue of this, arguing that the new conservatism in the United States is better aligned with the “cultural values” of African and other partners. It may be coincidental, but this year the Netherlands has chosen to withdraw aid from all international women’s rights and gender equality projects (Rutgers International, 2025).

Second, critical scholars and commentators need to address why the “anti-woke” message has been so popular with such a large share of the public – and the difficult corollary, namely why liberal arguments for supporting global development financing and activity have become less and less compelling for many voters. This is not just in the United States, but across other OECD Development Assistance Committee (DAC) donor countries, too – even if, to date, less viscerally and in less politically weaponised ways (although there are certainly indications of this direction of travel for some – see Horký-Hlucháň, 2025). There are many rich theories and fields of analysis here, but we suggest that this is at least in part a structural product of the inequalities and social pathologies of neoliberal globalisation in the South *and* North. These are structural inequalities that the mainstream aid industry does not address. Rather, for many, it is effectively confined to palliating global inequalities. The traction that the “anti-woke” agenda has in the United States and elsewhere makes clear the need to identify, articulate and project a different set of narratives and policies around solidarity and self-interest. If an aid industry is to rebuild – or rather, reinvent – itself, it must embrace more structural and global perspectives. The popularity of various “anti-woke” positions and messaging by Northern leaders and actors might not be comfortable, but it cannot be dismissed.

Third, we propose that now could be the time to flip the “anti-woke” agenda on its head by reclaiming the term and giving it back its meaning in the context of Black consciousness of structural injustice. Attributed to Jamaican social activist Marcus Garvey in 1923, “woke”, in its original sense, has travelled through music (Erykah Badu and Childish Gambino, to name two) and political and social struggle. “Stay woke” was a key slogan in the Black Lives Matter campaign, sparked by the killings of Trayvon Martin, Eric Garner, Michael Brown, Sandra Bland, Breonna Taylor, George Floyd and so many others. There is an irony in that, even though USAID has *not* been particularly woke in its genuine sense, the “war on woke” at USAID could promote new forms of woke, which are precisely concerned with structural change – this time in terms of racialised global inequality and injustice. While deploring the immediate impacts of the US aid cuts, and the nature and intentions of the Trump presidency, we can perhaps seize the opportunity to revive and project more radical theories of, and responses to, the highly racialised structural injustices and inequalities of global power: something that the former aid regime most emphatically did not achieve.

Conclusion

The “culture wars” have played out in the realm of international development for many years, and not just in the United States (think of the relentless mockery of UK aid by the tabloid paper the *Daily Mail*, for example). The Trump presidency is bringing the full force of this narrative into play, including in relation to USAID and the wider role of the United States in global development, with characteristic distortions, incoherence, aggression and contradictory elements. The “war on woke” is amplifying across conservative-authoritarian regimes, and in this short paper, I suggest that this raises absolutely fundamental questions about the shortcomings of the liberal aid system, which at no point has sought to acknowledge or address systemic global (in)justices, North or South. However difficult, it points us to the necessity of a far more challenging and radical agenda than trying to replace lost aid with philanthropic funding or private finance. Both will only continue to fuel differentially experienced but interconnected alienation, marginalisation, exploitation and suffering. Let’s stay woke.

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Part II: Multilaterlism, Geopolitics and Geoeconomics

7. Transactional multilateralism: how Trump plays into China's hands

Sebastian Haug⁶

Abstract

At the United Nations (UN), as elsewhere, Donald Trump and his administration frame China as the ultimate rival. Yet, as suggested in this paper, Trump's actions and approach vis-à-vis the UN system are set to ultimately – and unintentionally – play into Beijing's hands. First, the withdrawal of the United States from individual UN bodies opens up concrete spaces for expanding China's multilateral weight. Second, a more general disengagement by the United States from the UN system contributes to what Chinese sources refer to as a broader shift from a "US-centred" to a "UN-centred" world where Western hegemony is replaced by increased weight for the UN's developing-country majority, with China as the latter's de facto leader. Third, and despite obvious rivalries, Trump shares Xi Jinping's disdain for more autonomous multilateral bodies and aligns with China's more transactional approach to the UN. This does not bode well for those committed to a more substantive idea of UN multilateralism that centres on a stable international bureaucracy with a strong normative compass. For Beijing, Trump 2.0 suggests that the shift from a "US-centred" to a "UN-centred" world – where a more transactional approach to multilateralism and the increased weight of developing countries turn China into the central global player – is well underway.

Introduction

Donald Trump is no friend to China. From derogatory rhetoric about the "Chinese virus" (Cao, Lindo, & Zhong, 2023) during the COVID-19 pandemic to the recent trade tariff war (McCarthy, 2025), the 45th and 47th president of the United States of America has long been targeting the People's Republic of China on many fronts. The increasing rivalry between the – again Trump-led – US government and Xi Jinping's China has also played out at the UN, often with bipartisan US support. During his first term, Trump repeatedly made use of UN fora to attack Beijing rhetorically (Lynch, 2018). Representatives of both the first Trump and the Biden administrations intervened in UN board meetings and behind the scenes to halt UN support for China's Belt and Road Initiative (Haug, 2024). This time around, voices from Trump's entourage have repeatedly underlined the need to curb Chinese power at the UN (Banjo, 2025). Trump's Secretary of State – Marco Rubio – and the designated US permanent representative to the UN in New York – Michael Waltz – are well-known "China hawks" (Mackinnon, 2024). At the UN, as elsewhere, China has become the ultimate rival for Trump and his administration. Yet, I suggest that Trump's actions and approach vis-à-vis the UN system are set to unintentionally play into Beijing's hands. As outlined below, this includes the withdrawal of the United States from individual UN bodies, a more general disengagement by the United States from the UN system, and a partial alignment between Trump and Xi on what multilateralism is ultimately all about. Overall, Trump's return to the White House is thus not merely a symptom of ongoing global power shifts but – notably through the shared China-US embrace of transactional multilateralism – also a potential game changer for the future of the UN system.

6 This is an updated and slightly extended version of a piece published in *The Diplomat* on 28 January 2025 (Haug, 2025).

Withdrawal of the United States from individual UN bodies: concrete spaces for expanding China's weight

First, Trump's (potential) retreat from individual UN bodies, particularly in the UN development pillar, opens up concrete spaces for accelerating the expansion of China's multilateral weight (Haug, Foot, & Baumann, 2024). His first actions in office included signing orders to pull out of the World Health Organization (WHO) and the Paris Agreement on climate change. As the results of the review of US engagement with multilateral organisation are expected for August, a number of other UN mechanisms could soon be affected as well, if not through outright withdrawal then via explicit disdain or de facto shunning. This will provide concrete opportunities for China to step in. Beijing is unlikely to replace the United States by mimicking past US engagement; instead, China will focus on what it believes matters strategically for strengthening its footprint over the long run. As a "developing country superpower" (Baumann, Haug, & Weinlich, 2024, p. 59), China is able to combine its standing as a permanent member of the UN Security Council with its membership in the Group of 77, the developing country grouping at the UN. The combination of capacity and legitimacy that this dual identity provides is a unique feature of China's engagement, which Beijing has already translated into multilateral development cooperation mechanisms of its liking. They include South-South partnerships, in which Chinese technologies and development experiences are promoted across the so-called developing world (Haug & Waisbich, 2024). The Global Development Initiative, in turn, has been set up as a rallying point for China-led support of the UN Sustainable Development Goals.

Beijing's funding modalities have been a key feature of China's hands-on engagement (Baumann & Haug, 2024; Zhang & Jing, 2024). Instead of imitating the United States and other Western donors in providing considerable parts of their funding as core contributions that UN entities can make use of without strings attached, China has opted for a more targeted use of its money. It has set up (overall modest) trust funds that channel money into the UN system in line with Beijing's preferences when it comes to both partners and policies. A withdrawal by the United States from bodies such as WHO will not only make China the most important contributor to regular budgets, but also increase the space for China-led funding and cooperation mechanisms, and thus Beijing's de facto influence over the content and contours of multilateral work.

A more general retreat of the United States from the UN system: the gradual farewell to a "US-centred" world

Second, and more generally, Trump's approach to the UN is set to further undermine the role of the United States as the backbone of the current multilateral system. Beyond a withdrawal from individual UN bodies, a more far-reaching retreat by the United States would contribute to what Chinese sources refer to as a shift from a "US-centred" to a "UN-centred" world (Xinhua, 2022). For Chinese officials, this means that Western hegemony is replaced by a focus on the UN's developing-country majority: Instead of being at the whim of US political and economic might – reflected in longstanding UN funding patterns, for instance (Baumann & Haug, 2024) – a world centred around the UN is presented as more "democratic", with the developing-country majority among UN members enjoying a stronger say over world affairs. Such a scenario stands in stark contrast to the pre-Trump status quo. US governments have always had a complex (and often complicated) relationship with the UN, as reflected in disputes over Palestine or US Congressional debates about UN funding. However, Trump's predecessors had an overall supportive stance towards the UN as an inherent part of a multilateral system that long served as a mechanism for US hegemony. The track record of Trump 1.0 and actions taken by the current Trump administration over the last months suggest that this has been changing, and that Trump 2.0 is likely to further undermine the position of the United States as the core player of

UN multilateralism. Trump's administration – including Rubio as Secretary of State and Waltz as US permanent representative to the UN – is unwilling to continue with the provision of broad and unwavering support for the UN together with its Western allies.

In many ways, this aligns with Beijing's hopes. The "UN-centred" world that China has long been promoting is one where the United States no longer calls the multilateral shots. Instead, China foresees that the developing-country majority at the UN – with Beijing as *primus inter pares* – will dominate decision-making and cooperation processes. Although large parts of the UN system have disproportionately depended on US funding (Baumann, Haug, & Beisheim, 2025), the dominance that the United States has long projected across the UN system through political, financial and other means is not as irrefutable as some might have thought. Indeed, a number of UN entities currently receive only a minor share of their budgets from US coffers. Even though the US decision to halt the majority of its multilateral funding would send another round of shockwaves through the UN system and throw the UN Secretariat into chaos, it seems likely that the UN will be able to weather the storm. Recent proposals put forward by UN staff under the UN80 Initiative suggest reforming and streamlining the UN system, also to reduce overall funding needs (Ryan, 2025); and UN entities have already increased their outreach to other member states – including China – to restructure their funding channels.

Transactional multilateralism: Trump and Xi's shared preference for weak international bureaucracies

Third, the underlying logic of Trump's approach to the UN ultimately serves to bolster China's long-term vision of "true" multilateralism. Beyond questions about the potential absence of the United States, Trump's "America First" outlook and his focus on bilateral or minilateral deals undermine the idea of a strong international bureaucracy. His transactional take on multilateral cooperation foresees rather weak international organisations that remain at the mercy of the most powerful member states. Although Xi explicitly embraces a "UN-centred" world, the UN he has in mind is not primarily the complex set of multilateral entities that currently make up the UN system but the intergovernmental logic of member state diplomacy where the principle of sovereign equality coexists with the *de facto* dominance of large states (see Tsang & Cheung, 2024). Ultimately, Xi's underlying conception of multilateralism thus resonates with Trump's. For both leaders, UN entities and UN staff are supposed to act as brokers for and facilitators of member state interactions, resonating with China's approach to UN-supported South-South partnerships (see Haug & Waisbich, 2024). Similar to Trump, Xi is not a fan of a more autonomous UN bureaucracy but underlines the intergovernmental logic of multilateral cooperation. Trump's opposition to more interventionist forms of multilateral action – often associated with liberal humanitarianism (Barnett, 2013) – resonates with China's focus on sovereignty and non-interference (even if Beijing's position on Russia's war against Ukraine clashes with this principled stance).

China's rejection of universal values and embrace of normative pluralism, as expressed in its Global Civilization Initiative, project a vision of international order in which multilateral entities are unable to challenge the authority of member states. The UN's human rights arm and its focus on China's human rights challenges (Oud, 2024), for instance, have long been a thorn in Beijing's flesh. The "America First" approach championed by Trump 2.0 – whereby all US funding commitments to the UN are evaluated on whether they directly benefit the United States – resonates with this notion of weak multilateralism. Although Beijing's embrace of a "UN-centred" world might sound more multilaterally inclined than Trump's focus on bilateral "deals", both reflect contempt for more substantive (i.e. often more liberal) forms of multilateralism and instead promote international cooperation that is much more transactional in nature.

Conclusion

An abrupt retreat by the United States from the entire UN system is unlikely, not least because of China: Trump and his entourage are well-aware that a complete withdrawal could seriously affect US interests. Despite mounting rivalries and tensions between China and the United States that some have stylised as a Second Cold War (Schindler et al., 2024), it seems as though the current leaders of the two superpowers share a disdain for strong and more autonomous multilateral institutions. This does not bode well for those committed to a more substantive idea of UN multilateralism centring on a stable international bureaucracy with a strong normative compass. Trump does not mind offending traditional US allies supportive of – and at least partly dependent on – strong multilateral institutions, but he underestimates (or does not care about) long-term consequences. Ultimately, it might be China that laughs last and longest, long after Trump will have left the White House. For Beijing, Trump 2.0 suggests that the shift from a “US-centred” to a “UN-centred” world – where a more transactional approach to multilateralism combined with an increased weight of the world’s developing-country majority turns China into the central global player – is well underway.

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8. Southern multilateralism and the future of development cooperation after US hegemony

Indrajit Roy

Abstract

This paper examines whether the retreat of the United States from development cooperation under Trump 2.0 signifies a systemic collapse or reconstitution of global aid. It argues that the erosion of US hegemony has accelerated the institutional rise of Southern multilateralism – formalised cooperation led by Global South states. Focusing on the New Development Bank, the paper shows how such institutions blend South-South cooperation legacies with novel governance models. Rather than signifying disorder, this transformation signals a more plural, post-Western development architecture in which the Global South increasingly shapes cooperation norms, financing instruments and institutional leadership.

Introduction: Southern multilateralism – constituting a multiplex global order

The dismantling of the United States Agency for International Development (USAID) under the second Trump presidency and the continued decline in aid allocations from European OECD countries, has reignited longstanding questions about the future of global development cooperation. Much of this commentary resonates with narratives of entropy, suggesting a descent into disorder – as the world purportedly enters “a perpetual state of purgatory”, characterised by unknowable complexity and institutional dysfunction (Schweller, 2001, p. 287). Global governance is increasingly depicted as “gridlocked”, “unravelling” and “unfit for purpose” (Hale, Held, & Young, 2013; Pegram & Acuto, 2015).

This paper poses the question: Does the retreat of the United States from global development cooperation under Trump 2.0 signify the collapse of aid as a system, or its reconstitution? This paper argues that, rather than marking a terminal point, the decline of US hegemony is accelerating the emergence of alternative institutional arrangements – led by countries in the Global South – that are actively reshaping the global development landscape.

A growing body of scholarship has turned attention to the rise of a “multiplex” global order (Acharya, 2014), in which no single nation, idea or institution can dominate the rules and norms of international cooperation. Elements of the liberal international order may persist, but they must increasingly accommodate actors that do not conform to the preferences of former hegemon (Acharya, 2017). Within this more pluralist context, Southern multilateralism – that is, institutionalised cooperation led by Global South states – has begun to crystallise as a strategic response to the erosion of Northern-led aid.

Rather than relying on traditional donors or replicating established multilateral forms, these Southern-led arrangements often draw from distinct histories of South-South cooperation. Their emergence signals not merely adaptation to the decline of US leadership, but a more foundational transformation of global development cooperation.

From South-South cooperation to Southern multilateralism

Southern multilateralism needs to be distinguished from earlier forms of South-South cooperation, such as those inaugurated after the Bandung Conference. Whereas the latter included solidarity-based arrangements among newly independent states – often formed around movements or within blocs such as the G77 and the Non-Aligned Movement – they were primarily political or bilateral in nature. Contemporary Southern multilateralism involves instead a set of formalised, institutional arrangements with pooled financial resources, independent governance structures and a normative orientation towards global governance (Roy, 2023).

Defined as institutional cooperation among three or more states (Keohane, 1990), multilateralism acquires a distinct valence in its Southern mode. It is not simply about increasing representation within Northern-dominated bodies; it is about building autonomous institutions grounded in Global South priorities and strategic interests. Anne Braveboy-Wagner (2009) calls this “global south institutionalism” – an approach that may include financial contributions, technical cooperation and exchange of ideas.

Although it is tempting to portray Southern actors as either “supporters” or “spoilers” of global norms (Schweller, 2011), the framework of Southern multilateralism foregrounds their agency in constructing alternatives to *share* in the responsibility for global governance. This shift is evident in issue-areas ranging from trade to health and now – crucially – infrastructure and development finance.

The New Development Bank: a Southern-led institution

One key example of Southern multilateralism is the New Development Bank (NDB), established in 2014 at the sixth BRICS Summit in Fortaleza. The NDB’s purpose, as stated in its Articles of Agreement, is to mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging and developing countries. With initial subscribed capital of US\$50 billion, equally distributed among the five founding members, the NDB departs from the weighted voting systems of the Bretton Woods institutions. Each member holds one vote, capital shares cannot be altered without consensus and the BRICS bloc must retain a minimum 55 per cent ownership share.

The Bank’s headquarters in Shanghai and its rotational leadership structure further signal a departure from Bretton Woods-era geopolitics. Since 2016, the NDB has explicitly aligned its investments with the UN Sustainable Development Goals, indicating its aspiration not to subvert global governance but to shape it.

The NDB’s lending portfolio substantiates this ambition (Roy, 2022). In its first year, US\$1.56 billion was approved, with 66 per cent directed towards renewable energy. In 2016, it issued its first green bond – RMB 3 billion in China – to finance clean energy and sustainable infrastructure. By 2017, it had approved US\$1.8 billion in loans, of which 73 per cent had a green or sustainable component. In 2018, this rose to US\$4.5 billion, with more than half devoted to clean energy, water management and environmental efficiency. By the end of 2023, the NDB had approved 93 projects worth nearly US\$32 billion, covering roads in India, hydropower in Russia, solar energy in China, and urban development in South Africa and Brazil (NDB, 2024, p. 6).

The NDB’s loan modalities are also evolving (Roy, 2022). Initially dominated by sovereign loans, it has since diversified its instruments. Non-sovereign loans (around US\$2.9 billion) and equity investments (US\$100 million) are growing, with plans to increase private-sector financing to 30 per cent of the portfolio. However, as of 2023, sovereign loans still comprised 89 per cent of total lending, suggesting a continuing commitment to state-led infrastructure development (NDB, 2024, p. 34).

Importantly, the NDB is expanding beyond BRICS. Bangladesh joined in 2021 as the first non-BRICS member (Chin & Kamal, 2023). Egypt followed soon after, and Uruguay is expected to join. Bangladesh's accession was facilitated by Indian and Chinese support and reflects anticipation of declining Western concessional finance after its graduation to middle-income status. Egypt's membership, by contrast, offers a strategic opportunity for co-financing with other multilateral banks, especially the European Bank for Reconstruction and Development (EBRD), whose operations in Russia had been curtailed by sanctions (Nanwani, 2023). Egypt, uniquely, now hosts both NDB and EBRD operations.

Trump 2.0 and the reconstitution of development cooperation

The dismantling of USAID in the Trump 2.0 era is a sign of a broader retreat of the United States from global governance. USAID's creation in 1962 was part of the Cold War strategy to foster market-oriented development in countries not aligned with communism. As late as 2025, its official mission was to promote "American prosperity" by expanding export markets while supporting "resilient and democratic societies abroad". Yet in practice, USAID's interventions were often shaped more by domestic political pressure and bureaucratic inertia than strategic coherence. With USAID's closure and the possible withdrawal of the United States from other institutions (e.g. World Bank and the International Monetary Fund – IMF), a strategic vacuum has emerged. Whereas some interpret this as a crisis, it is more accurately described as a rebalancing. Rather than collapsing into dependency or institutional paralysis, countries such as Bangladesh and Egypt have proactively sought to diversify their development finance portfolios.

These efforts include not only joining the NDB but also participating in transnational infrastructure initiatives such as China's Belt and Road Initiative and the Asian Infrastructure Investment Bank (AIIB). Although these arrangements have been criticised for sidelining human development, they reflect strategic decisions by recipient states to meet infrastructure deficits in the absence of reliable Western financing.

The potential exit of the United States from the IMF and World Bank – if realised through the ongoing review process of international organisations by the Trump administration – would mark a profound symbolic shift. Leadership of these institutions could fall to Japan – the second-largest IMF shareholder – which may result in their relocation to Asia. If realised, this would align the IMF, World Bank, AIIB and NDB along a new Asian axis of development finance. Although geopolitical tensions remain, the reconfiguration of these institutions points to a post-Western multilateralism that is not leaderless, but differently led.

Conclusion

The narrative of development cooperation is often written as a story of Western initiative and Southern reception. But the post-Trump moment reveals a different dynamic: Southern states are no longer waiting for the next hegemon; they are building new institutions, forging new alignments and shaping development cooperation on their own terms.

The erosion of US leadership under Trump 2.0 does not mark the end of global development cooperation. Instead, it is accelerating the transition to a more pluralist, more regionally grounded multilateral order. The case of the NDB illustrates that Global South-led institutions are not simply stopgaps but structurally innovative responses to an unstable global order. They blend old and new forms, combining elements of Bretton Woods design with Southern development priorities.

Future challenges remain. The prioritisation of infrastructure over human development, the risk of replicating exclusionary governance within new institutions and the geopolitical pressures of

a fragmented world order all persist. Yet, the underlying point remains: The retreat of Northern aid is not synonymous with the retreat of development cooperation.

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9. Consequences of US abdication of leadership and the “rise of the rest” for international cooperation

Brendan M. Howe

Abstract

International cooperation concerns the attempt – in theory and in practice – to provide governance at the global level without the benefit (or threat) of a world government. This aspiration is manifest in the process of international organisation, and in the international institutions that represent steps along this path. The second administration of US President Donald Trump poses a severe, if not terminal threat to global cooperative governance. Yet, this paper argues that the seeds of the demise of multilateral cooperation were sown long before even the first Trump administration. US systemic leadership has been challenged by its own relative decline and the rise of peer competitors, but also by its abdication of leadership. Institutional frameworks have been further challenged by the increasing complexity and intersectoral demands of the governance mission, for which the maxilateral model of cooperation seems particularly ill-equipped. Minilateral initiatives have been one response to this governance crisis, wherein three to five like-minded states come together under the leadership of one of the great powers. However, this paper also considers the shortcomings of their traditional security focus. It argues instead for consideration of a new class of political actor – second-tier powers – cooperating through new structures of international governance, non-traditional security (NTS) minilaterals and international commissions.

Introduction

International organisational cooperation is a transitional process from the international anarchic conditions that generate conflict towards the aspiration of global governance, whereby states are actively brought together to solve common problems, reconcile conflicting interests and generate collective good, including a more peaceful and secure operating environment. Meanwhile, “global public governance” considers the international system as being multilayered, polycentric, complex and comprising formal and informal multilateral institutions, networks, regimes and the large number of state and non-state actors required to take collective action to provide global public goods (Peou, 2022, pp. 12-13). Through such mechanisms, high-minded “utopian” ideals are translated into “real-world” international political action (Kivimäki, 2016). Multilateralism is part of this broader conceptualisation, representing the coordination of national policies of multiple states based on certain principles of ordering relations among them (Ruggie, 1992, p. 567). Key elements of multilateralism include aspiration to universality, the welcoming of large numbers of participants and a strong levelling impulse (Kahler, 1992, p. 681).

This paper assesses the challenges posed to multilateral international cooperation from geopolitical changes, including the decline and abdication of US hegemonic leadership and the rise of peer competitors. Although the impact of Donald Trump, especially in his second presidential administration, has focused awareness on these processes, this paper also draws attention to the medium- and long-term geopolitical trends underlying them. It notes how minilateralism is seen by some as a more pragmatic form of international cooperation but identifies shortcomings in the current manifestations of minilateral cooperation. The paper also, however, highlights opportunities for a reimagining of international cooperative structures that are led by neither hegemonic actors nor their competitors, but by a new category of second-tier powers.

Geopolitical challenges and US abdication of leadership

Multilateral international cooperation concerns the attempt, in theory and in practice, to provide governance at the global level without the benefit (or threat) of a world government. Governance can be seen as a process through which collective good and goods are generated, or their production facilitated, so that all are better off than they would be if acting individually. Over time, development and security provision, in both theory and practice, has become increasingly entwined with other global value aspirations and provisions. Policy prescriptions and obligations for those who govern, as well as putative peacebuilders, therefore, must increasingly consider spillover between these diverse agendas (IASC [Inter-Agency Standing Committee], 2020, p. 1). But just as the demands on the global governance agenda have proliferated, so too have the obstacles and threats to its goals.

The global cooperative public value regime has been built substantially upon the foundations of US leadership. President Woodrow Wilson was a driving force behind the first manifestation of this vision (although the United States ultimately did not join the League of Nations). The post-WWII operating environment was primarily constructed within the parameters of a US vision of what such a regime should look like, including the United Nations (UN) itself, the Universal Declaration of Human Rights and the Bretton Woods system of monetary management. Although global governance aspirations were severely hampered by ideological divides during the Cold War, freed from such constraints – and flush from a successful collective security operation pushing Saddam Hussein’s Iraq out of its occupation of Kuwait – US President George H. W. Bush proclaimed a “new world order” governed according to the rule of law. His successor, Bill Clinton, noted that “multilateral action held promise as never before”. Likewise, after the institutions of global governance had been placed on the back foot during the unilateralism of the George W. Bush presidency, “moral multilateralism” formed a central tenet of Barack Obama’s “doctrine”. Unfortunately, such optimism appears to have been unfounded. Hence, many multilateral international organisations and less-formal institutions are currently under pressure and the demise of the liberal international order (LIO) is “the talk of town” (Debre & Dijkstra, 2021, p. 311).

Geopolitical tensions are resurgent in all areas of international relations. In part this is due to the diffusion of power with the relative decline of US hegemonic authority and leadership, combined with the “Rise of the Rest”, as other centres of power become more assertive and lean into the ensuing vacuum (Zakaria, 2008). This process is seen by many geopolitical commentators as part of a “natural” cycle of power diffusion and reconcentration. Hegemonic cycles reflect on the concentration of power in the hands of the winner of a 30-year series of hegemonic wars, which is followed by a 70-year period of global governance, within which the hegemon experiences gradual absolute and relative decline while peer competitors rise to challenge (Gilpin, 1981). Long-cycle theory also addresses 100-year cycles of concentration and diffusion of world leadership, with a special focus on economic and power projection diffusion through the impact of innovation (Modelski, 1985). Both of these approaches consider the importance of Kondratieff’s (1984) cyclical patterns of economic conditions, with two K-Waves corresponding to one hegemonic or long cycle. Competition between the declining hegemon and rising challengers has major implications for all elements of global governance, including the fields of development discourse, policymaking and practice.

Geopolitical competition between great powers has escalated to such a level that tensions between China and the United States have been viewed as amounting to a new Cold War, and, following the invasion of Ukraine, Russia is teetering on the brink of a hot war with America’s NATO allies (Novotná, Christiansen, & Lee, 2023, p. 483). Challenges to multilateral governance and the production of international public value have accelerated since the arrival of Trump on the national political map of the United States and then on the global governance scene. The first administration of President Trump disdained multilateralism in all forms and

dealt the process of global governance a blow from which it has yet to recover (Weiss, 2018, p. 1). President Joe Biden was unable to rebuild faith in US support for global governance. His single-term administration – despite recommitting to some of the international accords from which Trump had signalled an intention to withdraw – exacerbated rather than alleviated international concerns about US leadership (or lack thereof).

The international community is now faced with a second Trump administration, which promises to further undermine US support for global governance and cooperation. Already we have seen proclamations cutting support for the Green Climate Fund and the World Health Organization; withdrawing the United States from the Paris Agreement and the UN Human Rights Council; imposing sanctions on the International Criminal Court; defunding UNRWA; reviewing membership and funding of UNESCO, UN Women, UNEP and UNFPA – all of which will drastically impact the human security of the most vulnerable of the world's citizens (Haug, Novoselova, & Klingebiel, 2025, p. 14). Trump's domestic policy initiatives further imperil the most vulnerable as well as the global production of public value with the dismantling of USAID as well as the illegal forced repatriation of refugees, asylum seekers and migrants.

Despite being exacerbated by Trump's international and domestic policy platforms, however, the seeds of the decline of global governance cooperation were sown well before even his first administration. The need for effective multi-country collaboration has soared, but at the same time multilateral talks have inevitably failed. "These failures represent not only the perpetual lack of international consensus, but also a flawed obsession with multilateralism as the panacea for all the world's ills" (Naím, 2009, p. 137). In particular, the challenges faced by the structures of multilateral cooperation can be seen as a failure of maxilateralism – the aspiration to include the largest possible number of participants in the regime (Debre & Dijkstra, 2021, p. 311). International organisations with diverging preferences among members (as is most likely among those with the largest memberships) and those that are less institutionalised are more likely to fail (Debre & Dijkstra, 2021, p. 311). Institutional frameworks have been further challenged by the increasing complexity and intersectoral demands of the governance mission, for which maxilateral models of cooperation seem particularly ill-equipped. Responses to contemporary NTS challenges and collective action problems such as the COVID-19 pandemic, the humanitarian crisis of refugees and forced migration, and climate change have revealed multilateral global governance to be particularly weak (Telò, 2021).

Minilateral initiatives and their shortcomings

Minilateral initiatives have been one response to this governance crisis, wherein three to five like-minded states come together under the leadership of a dominant great power (usually the United States but also China and Russia). Minilateralism is considered "a smarter, more targeted approach, bringing to the table the smallest possible number of countries needed to have the largest possible impact on solving a particular problem" (Naím, 2009, p. 135). Unfortunately, however, the current trend towards minilateralism reflects not only an increasing pressure for countries to align with competing blocs – compromising policy autonomy and potentially deepening dependence on powerful allies – but also a refocusing of international cooperation agendas towards traditional security discourses rather than the multisectoral challenges of contemporary global governance (Howe, 2023a).

Such frameworks are "largely a Western construct that attempts to fill the expectation and capability gaps in regional security systems" (Koga, 2022, p. 7). With colonial overhangs and regional resistance to external strategic interference, they face immediate obstacles to the generation of collective public value. Indeed, there are concerns that minilateral partnerships are designed to serve large power interests rather than those of smaller states or the larger collective good (Chhangani, Tey, & Noor, 2022, p. 3). A related problem is that those that have been championed by the United States and are the most prominent in the security field are seen

as being constructed primarily to contain a rising China, rather than to resolve regional governance issues or generate public value (Anuar & Hussain, 2021, p. 3; Koga, 2022, p. 30; Tow, 2015, p. 23).

These two concerns can be brought together when analysing “the boldest minilateral”, the Australia–United Kingdom–United States (AUKUS) defence trilateral announced on 15 September 2021 (Tarapore & Taylor, 2022, p. 2). This minilateral involves two pillars: Pillar 1 focuses on Australia acquiring nuclear-powered attack submarines and the rotational basing of US and UK nuclear-powered attack submarines in Australia; Pillar 2 entails the collaborative development of advanced capabilities in six technological areas – undersea capabilities; quantum technologies; artificial intelligence and autonomy; advanced cyber, hypersonic and counter-hypersonic capabilities; and electronic warfare – and in two broader functional areas: innovation and information-sharing. Yet, it is certainly no partnership of equals, even if it represents a further coming together of three like-minded Western Anglophone allies. The extent to which it exists to serve US interests and operates at the whim of Washington has been demonstrated by the launching of a review of the deal, with Trump administration sources saying the security pact must fit its “America First” agenda (Lam & Turnbull, 2025).

Competing iterations of minilateralism risk narrowing the space available for smaller powers to operate as they are thrust into “with us or against us” narratives (Boon & Teo, 2022, p. 60). Forcing regional actors to choose undermines the coherence of the minilateral organisation, as participants will demonstrate different degrees of commitment (Chhangani et al., 2022, pp. 2-3; Rajagopalan, 2021, p. 7). In fact, most other actors would rather not choose sides between great powers but would rather maintain a degree of “strategic ambiguity” (Boon & Teo, 2022, p. 60). This links to the exclusionary rather than inclusive nature of minilateralism. Patrick (2015, pp. 117, 130) has noted that such institutions threaten to “replace the provision of international public goods with club goods benefiting a narrower range of countries, while marginalising formal international institutions”, and that “unless used deftly and judiciously, minilateralism risks undermining the legitimacy and effectiveness of indispensable international organisations and even accelerating the world’s coalescence into rival coalitions”.

The “Rise of the Rest” does not, however, necessarily focus on the decline of the United States and the rise of peer competitors, whether individual or in some kind of global anti-American alliance. Instead, it references attempts by others to “route around the United States”, looking for ways in which “questions of global and regional concern can be discussed and settled without all roads having to lead through Washington” (Speedie, 2010). Likewise, while existing minilaterals appear to consolidate geopolitical cleavages and concentrate international cooperative measures back into the realm of traditional security concerns, this does not preclude additional imaginings of minilateralism, led by other rising actors, with a focus on NTS issues and international development governance.

Conclusion: Options for future international cooperation

As pointed out by Butchard (2022), the UN’s failures to maintain international cooperation on peace, security, development and the responsibility to protect (R2P) does not mean the end of international responsibilities, but rather, that other actors can and must take up the global responsibility to save those in need. The question is, which actors are best equipped to do so when the United States under Trump has moved to a position of opposition and contestation with the other great powers that seem to be similarly disinclined to support the LIO?

Second-tier actors, introduced here, are also part of the “Rise of the Rest”. They are conceptualised by this author as being both qualitatively (normatively) and quantitatively (in power hierarchical terms) different from other categories. They are not great powers. And, as they do not (or no longer) aspire to be so, being cognisant of their geostrategic limitations, they

are likewise distinct from the geopolitical category of rising powers such as India. They are different from traditional middle powers, which have historically had more limited resources but global normative aspirations. They may be considered good regional citizens rather than global secular saints (Howe, 2023b). They are frequently to be found at the cutting edge of innovation, and they are increasingly assertive and ambitious in their attempts to get the most diplomatic bang for their buck (or yen, won, rupiah, pound or euro).

The emphasis here is on distinct policy formation and initiatives as well as opportunities for leadership and cooperation. Hence, the term is also different from conceptualisations of in-between and pivotal powers, which are geopolitical terms, in which the referent objects are only considered in relation to the great powers and their policies rather than as sources of independent policy action beyond mere hedging, balancing or bandwagoning. Therefore, we must consider instead the extent to which these second-tier powers can exert international cooperative leadership independently and irrespectively of the great powers, and in which areas of governance and public value generation. The degree to which second-tier powers are willing and able to step up and champion international cooperation in the face of hegemonic decline, abdication and even (since the rise of Trump) opposition, will likely determine the future of the global governance project.

Second-tier powers can be seen as actors that have greater than “middling” power resources but also concentrate their resources into strategically critical regions and niche diplomatic fields. The transition to second-tier power-hood can come from either former great powers coming to terms with their relative decline, or middle powers developing greater resources or greater pragmatism in an increasingly hostile operating environment. They have practical, or “realistic” aspirations for their contributions to international cooperation, development and governance, focusing their niche diplomacy on areas of international public policy where there is a happy coincidence of national interest and “collateral benefit” to other members of the international community and vulnerable individuals and groups. Although they have greater independent capacity for action than middle powers, they are likely to be more sensitive to cultural relativity and more focused on regional rather than universal public value creation (Howe, 2023b).

These entities already exist with clear examples in Asia such as Japan, South Korea and Indonesia; in Europe such as Germany and the United Kingdom; as well as Australia and Canada outside Eurasia but closely connected. Cases could be made for similar second-tier power-hood in other parts of the world, but such falls outside the scope of this brief paper. Importantly, they possess significant resources in traditional power-base measurements (military, economic, geographic, demographic), augmented by soft power measurements (public diplomacy, cultural diplomacy, attraction, persuasion, acting as shining lights on the hill, etc.), in a process known as “smart power” (Armitage & Nye, 2007). Although the Center for Strategic and International Studies’ Commission on Smart Power, which introduced the term, was focused on making a “smarter, more secure America” – in the age of geopolitical contestation and US abdication under Trump – the key concepts serve as a potential blueprint for second-tier power activism. These include:

Alliances, partnerships, and institutions: Re-building the foundation to deal with global challenges; Global development: Developing a unified approach, starting with public health; Public diplomacy: Improving access to international knowledge and learning; Economic integration: Increasing the benefits of trade for all people; Technology and innovation: Addressing climate change and energy insecurity. (Armitage & Nye, 2007, p. 5)

As Ahl (2019) notes, “while many fear the decline or even collapse of multilateral forums, new ad-hoc coalitions of the willing provide a much-needed alternative path to efficient and strong mutual cooperation on specific issues”. Ishmael, Klingebiel and Sumner (2025) have developed the concept of “like-minded internationalism” as a response to the erosion of multilateral cooperation by geopolitical contestation and resurgent statism. For them, UNITAID, a global

health financing mechanism (France, Brazil, United Kingdom, Chile, Norway), and the High Ambition Coalition, which is a climate and environmental diplomacy initiative (Marshall Islands, Costa Rica, France) embody the characteristics, formation and operational logic of such an approach. What further avenues and coalitions might then be open to like-minded internationalist second-tier powers? My proposals for future avenues for international cooperation for the most part do not yet exist, but I feel that they form a logical extension of the geostrategic narratives that have led to the emergence of second-tier powers.

The first would be NTS multilateral cooperation embracing precisely those aspects of smart power listed above that have been rejected by the second Trump administration (global development, public health, international knowledge and learning, increasing the benefits of trade for all and addressing climate change). The structure would involve between three to five second-tier powers coming together to provide a more focused, issues-based collaboration on aspects of international governance, excluding not only Trump's disinterested and increasingly antagonistic United States, but also the great powers currently struggling for global hegemony. Alternatively, NTS multilaterals could be championed by second-tier powers providing leadership within structures that include other like-minded actors such as regional international organisations or smaller powers.

The second is regional – or perhaps inter-regional as opposed to global – international commissions. International commissions are ad hoc transnational investigative mechanisms aimed at transforming “the assumptions and staid thinking that plague long-standing problems in international relations” (Robertson, 2020). They have featured prominently in consideration of both traditional security challenges and NTS issues of global governance since the early 1980s and have historically been championed by Western middle powers. I would anticipate such commissions being led by regional second-tier powers, or, in the case of inter-regional cooperation, by like-minded second-tier powers as representatives and champions of their regional perspectives. Again, these initiatives could help “route around Washington”, or Beijing, Moscow or even Delhi for that matter.

These initiatives could help plug the normative and humanitarian gaps currently being widened by Trumpism and related geopolitical and nationalistic selfishness among great powers and rising powers. Such new international organisational instruments could take the lead on a wide variety of issues currently under threat of being sidelined by geopolitical “realities”. These range from NTS challenges such as pandemic responses, transnational pollution, refugee flows and disaster risk reduction, to traditional security issues such as nuclear proliferation, peacekeeping and governance/R2P failure, as well as those issues that bridge the two sets of challenges such as development cooperation and resource and water security. Combined with this approach, there would be a renewed human-centring in global governance and a mainstreaming of human security and the R2P (Howe, 2024). There are numerous advantages to taking this type of institutional approach.

These new manifestations of international cooperation could help address the intersectoral challenges of silos in global governance. Former UN Secretary-General Kofi Annan referenced the interrelatedness of the three pillars of the UN (security, development and human rights) by noting, “[W]e will not enjoy security without development, development without security, and neither without respect for human rights. Unless all these causes are advanced, none will succeed” (Annan, 2005). In doing so he neatly encapsulated the progress made by the evolution of development and security governance conceptualisations, as well as ongoing challenges. This has been reflected in the emerging humanitarian–development–peace nexus (HDPN) discourse. Crises – whether they manifest as conflicts, disasters or socio-economic shocks – often cannot be solved by one set of actions alone, and in addressing them, humanitarian, development and peace actions all have an important role to play (IASC, 2020, p. 1).

The implications of human-centring and mainstreaming of human security would be the promotion of a lowercase hdpn, alongside – and perhaps even in preference to – the top-down intergovernmentally focused HDPN. This would enable the targeting of vulnerable populations in times of crisis through direct programming, the empowerment of agency among first responders in times of humanitarian crises, disaggregation of measurements of development success and a focus on the most vulnerable individuals and groups (Howe, 2025, pp. 371-372). Again, those actors most committed to smart power considerations would also likely have the greatest perceived legitimacy in this endeavour.

Furthermore, these new structures would empower new second-tier agents. Thus, a virtuous cycle would emerge, whereby those who were most committed to these principles would champion these institutions, not only because of normative commitments to the public good, but also because in doing so they would further their own national interests and areas of niche diplomacy. These institutions would also remove the great power tensions from NTS security promotion. Finally, they would allow for – and even facilitate – spillover from NTS and development cooperation problem-solving to traditional security de-escalation and confidence-building by establishing a non-threatening, non-confrontational cooperative culture of “yes-ability”.

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10. The case for structuralism: the selective amnesia of global development amid contemporary aid cuts

Pritish Behuria

Abstract

Foreign aid has come under increasing scrutiny in North America and Europe, culminating in significant policy shifts in 2025, including a major aid freeze by the US government and aid reductions by European governments. This marks a pivotal moment for the future of development assistance. The decline in support is attributed not only to populist critiques but also to a broader failure among aid advocates to maintain domestic public backing. This paper argues that the aid community must move beyond debates centred on “aid effectiveness” and the ambiguous discourse of “global development”. Instead, it proposes a return to structuralist justifications for foreign aid – rooted in global inequality and systemic imbalances – as a foundation for a renewed progressive narrative. By returning to structuralist arguments for aid and actively engaging domestic audiences, scholars and practitioners can work to rebuild legitimacy and solidarity for international assistance in donor countries. The paper acknowledges that there are significant barriers to developing a structuralist consensus, given the evolution of disciplinary norms within academia and a reluctance within policy circles to return to discussions about the salience of colonial injustices and persistent inter-country inequalities.

Introduction

For more than a decade, there has been growing antipathy to foreign aid among domestic publics in North American and European countries. This year, the attack on foreign aid in North America and Europe reached a tipping point. In January 2025, the Trump administration announced a significant freeze on foreign aid, with many employees of the United States Agency for International Development (USAID) being placed on administrative leave. European governments have been less drastic than the Trump administration in this regard. However, many have also reduced their foreign aid contributions. The heady days of European countries committing 0.7 per cent of their aid budgets are not likely to return. So, for those of us working in international/global development, what is the pathway forward if there is to be a future for aid?

Many advocates of aid are right to be despondent, given that they are losing the battle of convincing domestic populations in North America and Europe about the importance of foreign aid. Elected leaders have few incentives to commit to disbursing foreign aid to countries, especially as they aim to tighten national spending. Therefore, there needs to be more of a discussion on gaining the support of domestic populations in North America and Europe. Post-development critics of aid – who have perhaps inadvertently aligned themselves with populist arguments against aid – have also stressed their criticisms of the Trump administration’s actions. Yet, some of their arguments about the ineffectiveness of aid – as well as the misuse of aid by elites in recipient countries – have contributed to a weakening of support for aid in North American and European countries. Their long-standing criticisms of aid have generally side-stepped structuralist arguments about its necessity for undiversified economies in the Global South. This paper makes the argument that we need to refocus on structuralist explanations of the imperative for foreign aid if we are to mobilise collectively around a progressive narrative for aid.

In academic circles, an obsession over “aid effectiveness” and “value for money” interventions has contributed to a reduced focus on the fact that foreign aid was a crucial source of foreign exchange for Global South countries with high trade imbalances. More recently, opportunistic rhetoric associated with the rise of “Global Development” and the Sustainable Development Goals (SDGs) have aligned with Global North governments’ focus on addressing poverty domestically. In this way, the Global Development consensus – in urging for universalist framings of development rather than Global South-focused framings – has neglected the structuralist imperative of foreign aid and aligned itself with populist logics against foreign aid. Unless the development studies’ academic and practitioner community returns to centring the importance of addressing inter-country inequalities and the persistence of North-South injustices (particularly in reference to the constraints that persist in relation to pursuing structural transformation), it will have little hope in re-making the case for foreign aid.

The marginalisation of the structuralist case for aid

In the 1950s and 1960s, there was a relatively strong consensus around the crucial role that foreign aid would have to play in transforming the economies of late developing countries. Structuralists argued that finance – in the form of foreign aid – was essential in correcting the balance-of-payment disequilibria that characterised late development in former colonies. Colonialism left most countries in primary commodity specialisation (i.e. dependence on commodities such as coffee, tea, cocoa or extractives as their primary export), or at least with relatively undiversified economies. Given their dependence on very few exports, they had limited sources of foreign exchange. The products that they did export were vulnerable to global commodity price fluctuations. Since newly independent countries tended to be heavily dependent on imports, they inevitably faced foreign exchange shortages.

As a result, foreign aid was essential, especially when trade deficits began to spiral. Many former colonies – especially in Africa – continue to face high trade deficits, and this structural dependence remains a reality in a large share of former colonies, even today. Although this “structural imperative” of aid was recognised in the 1950s and 1960s, it has become a marginal topic in academic and policy discussions around foreign aid since then (Fischer, 2009). The structuralist basis for aid was a fact that progressive forces should have mobilised around aid more productively. Structuralist discussions of aid link aid directly to colonialism, but they also highlighted the crucial role of aid in managing balance-of-payment vulnerabilities. For structuralists, structural transformation – a process in which a national economy moves “from a set of assets based on primary products, exploited by unskilled labor, to a set of assets based on knowledge, exploited by skilled labour” (Amsden, 2001, p. 2) – was recognised as the only pathway to achieve economic autonomy for developing countries. For decades, post-development critics have regularly criticised the deployment of aid while neoliberal economists have derided structuralist arguments in favour of highlighting a solution of adopting market-led reforms.

As part of the neoliberal counter-revolution of the 1970s (Toye, 1987), the purpose of “development” decisively moved away from a focus on structural transformation. Instead, “development” was narrowly equated with economic growth. Amartya Sen’s powerful work – as well as the work of Paul Streeten and others around “basic needs” – broadened the focus of “development” to “growth” plus “human capabilities”. Crucially though, aid was made conditional after the 1970s on developing countries reducing trade barriers, privatising state-owned enterprises, liberalising financial sectors, reducing capital and exchange controls as well as accepting political conditionalities (such as holding elections). All of these strategies not only weakened state capabilities in developing countries, but also amounted to a misreading of the policies employed by European and North American countries to achieve rapid growth (Chang, 2002). In the 1990s, “aid” became increasingly linked to poverty reduction with the establishment

of the Millennium Development Goals. The development industry, too, became increasingly focused on investing in social indicators and supporting private-sector development. The solution to poverty was envisioned as investing in health and education rather than having governments directly focus on job creation through investments in manufacturing sectors and broader structural transformation (Amsden, 2010).

Post-development scholars (Ferguson, 1994) criticised aid for its “anti-politics” approach to the societies that received finances from abroad and the limited voice that populations in those countries had to influence spending. The most influential debate about aid concerned its effectiveness and was encapsulated by the public debates between William Easterly (and later, Dambisa Moyo) and Jeffrey Sachs. In the 2000s, Easterly (who was anti-aid) and Sachs (who was pro-aid) popularised the debate about the effectiveness of aid, receiving global attention in newspapers and television. Easterly (and later, Moyo) argued that aid rarely reached the poorest portions of the society that it was intended to reach, primarily blaming recipient governments for their corruption or poor policies. Such arguments were aligned with the distrust of the state that had characterised development aid conditionalities since the 1970s. Sachs, on the other hand, argued that aid was delivering benefits in terms of vast improvements in health and education globally. Sachs, too, did not echo a return to structuralist concerns and did not call for a larger role for the state. He narrowly equated “development” concerns with poverty reduction and limited the purpose of aid to delivering interventions that would directly empower individuals, either monetarily or through improving health and education access. Structuralist concerns were largely ignored within this debate, as was the potential positive role that an increased capacity of the state in enacting industrial policy could play in creating jobs, reducing poverty and achieving structural transformation. Aid was increasingly focused on empowering individuals through health, education and entrepreneurship.

The rise of global development

In the early 2010s, as the SDGs were being formulated, there was increasing traction to widen the scope of development to include various new indicators (including some recognition of industrial policy) and to make development a “universal” concern rather than simply a focus in “developing” countries (Fukuda-Parr, 2016). This was presented as a progressive solution, tapping into the frustration of those living in the Global South that their countries were often depicted as “backward” or “underdeveloped” in comparison to North American or European countries. In that way, advocates of the SDGs – as well as Global Development more generally – opportunistically aligned themselves with the increased traction around “decolonising” social sciences while ignoring the material aspects of continued divides between the Global North and Global South (Behuria, 2025). The SDGs and Global Development advocates reasoned that poverty existed everywhere – from “New York” to “Nairobi” – so development should be a focus everywhere. In the United Kingdom, many development studies departments took on similar rhetoric, arguing that the scope of development should be “universal”. Many, even some scholars on the left, argued that there was a progressive case for development studies scholars to study poverty everywhere. This was particularly problematic, as it retained a very narrow view of “development” as “poverty alleviation”. At the same time, the United Kingdom and many European governments had begun to discuss cutting aid. Observers highlighted the coincidence that development studies scholars and practitioners were making the case to study development by studying “poverty everywhere” at a time when there was a growing threat that their sources of funds were drying up.

The 2010s was a difficult period for advocates of aid. It appeared inevitable that foreign aid contributions would be reduced in the future. Scholarship has shown that in European countries, public opinion polls reveal scepticism about development cooperation (Eger, Schneider, Bruder, & Gleser, 2023). As populists have gained increasing traction in European elections, advocates

for aid have struggled to convince European populations of its continued necessity. Aid effectiveness, which has been the primary concern of European and North American donor organisations for the last two decades, may not hold much significance as we enter an era of development politics driven by national interests (Esser & Heiner, 2025). The shift to *universal* development concerns – characterising Global Development discourses – rather than the previous focus on country-specific development concerns have also done little to sway domestic publics.

Strangely, though Global Development concerns were presented as distancing the study of development from the humiliating use of binaries, it has wiped away discussions of colonialism and persistent inter-country inequalities. In doing so, a universal concern for development makes the case for distributing aid less necessary, given that domestic inequalities in the Global North are presented as being just as important to address within the realm of “development” as inter-country inequalities. Global Development proponents – many of whom were advocates of aid – were complicit in advocating for a universalist focus on “development” and departing from the fundamental reasoning that “inter-country inequalities” were the basis for foreign aid. Crucially, Global Development proponents and the SDGs entirely ignore the structuralist case for aid, which remains salient today. Very few countries – fewer than 10, according to Robert Wade (2018) – have achieved catch-up development through structural transformation. Most of those who did were in East Asia and capitalised on aid when there were fewer conditions attached to it and used it to manage balance-of-payment disequilibria.

In 2025, Global Development proponents within academia have rallied against aid cuts in Europe and the United States. However, there is a degree of “selective amnesia” to these arguments. Some prominent Global Development proponents continue to advocate for a “universal” approach to development while also desperately appealing for aid. But this leads to a contradiction. Since Global Development proponents are arguing that the study of development should focus on studying poverty within North America and Europe, they may find it difficult to convince audiences that funding for aid should be retained at the same levels as before. This is partly because Global Development proponents have been reluctant to move beyond thinking about “poverty alleviation” as the central focus of development priorities. Surprisingly, even in this environment, there is a growing reluctance to acknowledge the structuralist basis for aid and to refer to the significance of inter-country inequalities. Clearly, those who advocate for aid need to find a common language to mobilise around aid. However, there is continued reluctance to revert to structuralist arguments or remind publics about the after-effects of colonialism.

Conclusion

So what is the way forward? In truth, it seems difficult to imagine a united position, even among scholars who agree on the importance of aid. Prominent development studies departments in Europe have advocated for a shift to Global Development and for departments to refocus their attention on poverty within European countries (see Wiegratz et al., 2023, for a review of the evolution of the Global Development consensus). Since many departments tend to be tied to this vision, they often fail to recognise that such arguments are aligned with shifting funding away from foreign aid to domestic expenditure in Europe. The failure to acknowledge the salience of the persistence of inter-country inequalities impedes the capacity of development studies scholarship to make the case for aid.

Another key point to consider is whether colonialism can be brought back into popular discussions around aid. Domestic publics in North American and European countries need to be convinced of the need for aid. Many would argue that discussions of colonialism are unlikely to be received positively. Most would also fail to be convinced about whether structuralist arguments would sell. However, arguments about the centrality of industrialisation have been

popular, at least with segments of the public. Over the last decade, scholars such as Ha-Joon Chang (2014) and Mariana Mazzucato (2013) have gained a vast public profile and have advised several governments across Europe. Perhaps structuralist messaging needs to be given even more space to advance their arguments, especially since Global Development proponents have failed to advance ideas.

Aid continues to be important in addressing balance-of-payments equilibria in many late developing countries. Given that it may not be available, governments are likely to borrow elsewhere. In some cases, this may be on financial markets, which would be significantly risky. For our part, as academics, we should create spaces for more receptivity of discussions about the continued salience of structuralist arguments, given the potential of increasing North-South inequalities in the future. So what could a structuralist renaissance look like? Many would hopefully argue that this could originate in the Global South. There are important efforts being made by organisations such as the International Development Economics Associates, as well as other think tanks and academic associations in the Global South. Yet, in most countries, higher education institutions remain underfunded. However, a bigger hurdle is that academic institutions in many Global South countries are heavily incentivised to meet dominant disciplinary expectations and the requirements of funders. This story has been most clearly told by Thandika Mkandawire (2011) and Howard Stein (2021) in their discussions of how neoclassical economics has dominated the academic curriculum of economics departments, as well as the training of politicians and policymakers, in African countries.

So can it occur through partnerships between Global North and Global South academic institutions? Unfortunately, many economics departments in North America and Europe are now dominated by neoclassical economics, amounting to a kind of economics imperialism (Fine & Milonakis, 2009). Some development studies departments had previously been spaces for pluralist thinking. But, as development studies has begun to favour multi-disciplinary approaches and limit the focus on political economy, there is less of a potential for development studies to include a focus on structuralist concerns. This space has been further curtailed by the increasing focus on “global” and “sustainable” development, particularly technical (rather than political) analyses of environmental concerns. Although there seems to be very little potential for structuralist analysis to be prioritised within specific departments, there is some hope that like-minded scholars will advocate for structuralist concerns. If conviviality is truly a focus of Global Development scholars, allies should also create spaces for structuralists to argue and lobby for the necessity of aid.

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11. Trump 2.0 and the fragmentation of US economic hegemony: geoeconomics, surplus recycling and development traps in the Global South

Rogelio Madrueño

Abstract

The core thesis of this paper is that Donald Trump's geoeconomic strategy – often dismissed as erratic – is in fact a symptom and accelerator of a deeper structural transformation: the unravelling of US “surplus recycling” power, which is triggering a shift towards a contested multipolar order. That shift is a transition towards a fragmented multipolar order marked by new dependencies and a cascade of interlinked development traps.

Introduction

This paper argues that Trump's second term reflects a broader shift in the architecture of US economic power. His retreat from multilateralism, the defunding of the United States Agency for International Development and transactional diplomacy are not merely ideological ruptures but indicators of a deeper, structural exhaustion in terms of US power. In particular, the US “surplus recycling mechanism” (SRM) – which has sustained a hegemony of the US dollar over the global economy via its dominance in global financial, trade and regulatory circuits – is faltering. As this geoeconomic tool loses traction, there are counter-hegemonic responses, especially from China.

It is important to note that what is at stake is more than a shift in foreign policy: The unravelling of US economic hegemony will reshape the institutional, financial and geopolitical terrain of international development. This might be taken as potentially good news in terms of greater autonomy of the Global South. However, as new power configurations emerge, the Global South is increasingly exposed to a multipolar competition that brings not liberation but new forms of dependency.

This paper is structured as follows: Section 2 examines the geoeconomic foundations of US structural power, focusing on the SRM and signs of its limits. Section 3 analyses key trends reshaping trade, finance and development flows across the Global South as a result. Section 4 explores the implications of the multipolar transition for global development cooperation and the breakdown of multilateral norms, and Section 5 concludes.

Surplus recycling and the geoeconomic turn

The United States' structural power in the post-war global economy has rested not merely on military or diplomatic pre-eminence, but on its ability to institutionalise a global SRM. This mechanism – wherein global capital, trade surpluses and technological rents are recycled through US markets and instruments – relies on an architecture of financial institutions, trade rules and intellectual property regimes (Halevi & Varoufakis, 2003; Strange, 1987).

In principle, the US SRM stabilised the global economy by absorbing global demand shortfalls and offering liquidity and investment destinations. But it also entrenched asymmetric dependencies, particularly among Global South countries, whose structural insertion into global

circuits often involved subordinated roles in commodity exports, manufacturing assembly and debt-financed growth.

Under Trump's second term, tariffs, export bans, investment restrictions and regulatory extraterritoriality – often administered through executive discretion – represent an attempt to preserve hegemony without the obligations of multilateralism.

These coercive strategies can be seen as a response to declining structural capacity. They are enabled by the global role of the dollar and the institutional reach of US law, but increasingly constrained by diminishing legitimacy and rising strategic evasion.

Emerging powers, including China, have responded with counter-institutionalisation. The Belt and Road Initiative, BRICS+ financial mechanisms and renminbi-based bilateral agreements collectively represent embryonic surplus recycling alternatives. China's financial surpluses, trade expansion and long-term infrastructure diplomacy signal not only a shift in development finance but a reordering of developmental influence (Madrueno & Silberberger, 2022). These parallel instruments are not yet hegemonic, but they have had the impact of chipping away at the unitary structure that once characterised globalisation under US leadership. For the Global South, this clearly introduces greater choice. However, it also means exposure to a new asymmetry in power relations, and new or different kinds of conditionalities.

Emerging trends in a fragmenting world economy

In this context of US coercive strategies seeking to respond to declining structural capacity, there are three broad consequences transforming the global development landscape:

a) South–South realignment

Since the pandemic, China has emerged as the dominant trading partner for many developing countries. This pivot reflects both China's strategic repositioning and the waning of US-centric trade systems. Whereas China's export-led growth model adapts towards domestic consumption and outward investment, many Global South economies are increasingly anchoring their export sectors towards China. Much of this trade is driven by commodity exports, which reinforces familiar development bottlenecks such as low value-addition, price volatility and limited industrial diversification.

b) Uneven vulnerabilities

US reshoring strategies (via subsidies and tax incentives) and China's "infrastructure diplomacy" are pushing the Global South into new and divergent forms of dependency. Declines in aid totals – especially through cuts imposed by US and European agencies – have exposed fiscal fragility in sub-Saharan Africa in particular. Likewise, higher interest rates in Western economies constrain domestic investment in developing countries, which are reliant on foreign capital and the interest rate premiums paid by the Global South (Huerta, 2011). Post-pandemic debt-servicing burdens and vulnerability to remittance volatility further compound macroeconomic risk exposure.

c) Interconnected development traps

Volatilities in trade, foreign direct investment, aid and remittances cascade into a constellation of traps: Savings and fiscal traps restrict domestic policy space; education and technology traps inhibit human capital accumulation and technological dependence; and democratic traps threaten political freedoms through authoritarianism and external manipulation. These

interlocking dynamics are likely to jeopardise any favourable conditions for development and deepen geopolitical subordination.

Implications for global development cooperation

The changes noted under Trump 2.0 are not an isolated phenomenon but a symptom of a broader shift. Although Trump's overtly transactional and unilateralist geoeconomic strategies have accelerated the underlying shift – away from multilateralism and normative development commitments – the changes themselves predate his return to office. The deeper threat lies in the normalisation of development cooperation as an instrument of strategic coercion, characterised by selective partnerships, conditional financing and the erosion of shared developmental norms or standards.

In this emerging context, development cooperation must be reimagined to respond to a more contested and fractured international order. A renewed commitment to a human-centred development paradigm is essential. This implies reasserting a foundational principle that development policy should prioritise human well-being, dignity and life – rather than serving as a vehicle for geopolitical positioning. Public and institutional resources must be directed towards social investment, not absorbed by foreign policy instruments.

Equally important is the adoption of a whole-of-government approach to development cooperation, particularly among donor states. As geoeconomic tools – such as trade restrictions, sanctions and investment conditionalities – increasingly shape development outcomes, policy coherence across finance, foreign affairs and development agencies becomes more important.

In parallel, flexible and pragmatic coalitions must be cultivated. Minilateral arrangements – issue-specific, adaptable groupings of like-minded or strategically aligned states – offer one pathway. So too does triangular cooperation, which brings together traditional donors, emerging powers and recipient countries in shared problem-solving and mutual capacity-building.

Finally, the institutional architecture for the provision of global public goods needs to be strengthened and extended. Key priorities include stronger frameworks for financial regulation, sovereign debt resolution and climate finance. These domains retain potential for convergence – even in a polarised system – and are essential for sustaining development gains under multipolar conditions.

Conclusion

Although Trump's second term may deepen global disorder, its significance lies less in the personality or unpredictability of one administration than in the structural reordering it reflects and intensifies. The long arc of US economic hegemony – rooted in a global SRM that has underpinned the US dollar's dominance and shaped development trajectories – is being recalibrated under pressure from internal contradictions, rising debt and declining legitimacy (Halevi & Varoufakis, 2003). In parallel, China is reshaping global development circuits through trade, infrastructure finance and emerging financial institutions, offering alternative pathways that both may challenge and also reproduce global asymmetries.

For the Global South, this moment does not signal emancipation from dependency, but a transition to new potential forms of strategic subordination – marked by conditional finance, fragmented norms and the emergence of interconnected development traps, as this paper has highlighted. These include fiscal, technological and democratic vulnerabilities, which are all exacerbated by the breakdown of multilateral commitments and the growing weaponisation of economic tools.

Understanding this moment requires an analytical shift: away from episodic interpretations of political disruption and towards a systemic reading of the global development crisis as a crisis of global capitalism itself. Policy responses must recognise this deeper context and pursue strategic pluralism, institutional renewal and a human-centred ethic of cooperation in an increasingly fractured world.

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12. Not all populists turn inward – and for a reason: Mexican and Turkish development cooperation in an era of global fragmentations

R. Melis Baydag & Rebecka Villanueva Ulfgard

Abstract

Middle powers such as Mexico and Turkey have become increasingly influential in international development cooperation over the past two decades. Following the trend of a surge in populist leaders, their development cooperation has recently been combined with highly personalised, leader-centric foreign policy styles. This trend has significant implications for global development. On the one hand, they demonstrate that populist governance does not necessarily undermine international cooperation. The leaders of Mexico and Turkey contrast sharply with inward-looking populist leaders such as Donald Trump, whose approach has weakened multilateralism. On the other hand, however, the personalisation of development cooperation in general carries risks. Although these leaders frame initiatives as pragmatic and altruistic partnerships with developing countries, they often serve domestic political agendas and risk reinforcing transactional, short-term, leader-driven development policy in an era of global fragmentation.

Introduction

International development policy has been under pressure from multiple directions. Many traditional donors have shifted away from principled, development-oriented approaches towards more explicitly interest-driven strategies – or have reduced aid budgets altogether (Kumar, Hargrave, Craviotto, & Pudusery, 2025; OECD, 2025). This shift has been further intensified by the resurgence of populist politics, most notably with Donald Trump's return to the US presidency, which signals renewed threats to multilateralism and coordinated global development. As fiscal constraints, nation-centred rhetoric and domestic political priorities take precedence, development cooperation has become more fragmented and uncertain.

Trump's populism – characterised by unilateralism and overt antagonism towards multilateral institutions – combined with the declining role of the United States Agency for International Development (USAID), has exacerbated existing disruptions in the global development landscape. Yet, not all populist leaders embrace isolationism in international development cooperation. Middle powers such as Mexico and Turkey under Presidents Andrés Manuel López Obrador and Recep Tayyip Erdoğan, respectively, offer a distinct contrast. Despite politically antagonistic domestic governance, their international approaches remained cooperative and outward-looking (Baydag & Villanueva Ulfgard, 2025). Both leaders personalised the executive and embedded populist narratives into their countries' foreign policies, including development policy. However, unlike Trump, they remained – at least rhetorically – actively engaged in international development cooperation.

Drawing on the insights from Baydag and Villanueva Ulfgard (2025), this paper explores development cooperation trends in the Trump era, with a particular focus on the populist narratives shaping the middle-power roles of Mexico and Turkey in the context of global disruption, using the COVID-19 pandemic as a case study. The cases of Mexico and Turkey demonstrate that populist leadership can coexist with proactive – albeit highly personalised – development policy narratives. In doing so, they stand in stark contrast to the Trump

administration's confrontational disengagement from global development issues. At the same time, they highlight a growing concern in today's international environment: the emergence of transactional, leader-centric development approaches that risk undermining long-term, rules-based cooperation.

Populist leadership and the personalisation of development policy in middle powers

Populism typically centres on the concentration of power in a single leader who claims to embody the true will of the people and uses this position to politicise social and cultural divisions within society. Populist leaders in government have played an increasingly prominent role in shaping development policy, especially during the recent periods of global disruptions (Baydag & Villanueva Ulfgard, 2025).

We argue that in governments where the executive branch is highly personalised around a populist leader, development cooperation may reflect the leader's narratives, projecting their own role in the domestic political arena onto the international stage. Contrary to the widespread assumption that populism inevitably leads to global disengagement – as exemplified by Trump's second administration – some populist leaders have actively pursued international cooperation, particularly when it serves domestic political interests or supports their challenge to perceived domestic and global "elites". In such cases, populist leadership does not necessarily conflict with internationalism; rather, global engagement can be strategically instrumentalised to enhance the leader's legitimacy at home (Destradi & Plagemann, 2019).

Mexico and Turkey exemplify this dynamic. During the COVID-19 pandemic, Presidents López Obrador and Erdoğan adopted an outward-looking, cooperative discourse on the international stage. Both leaders called for equitable vaccine distribution and expressed solidarity with developing countries – positions that stood in stark contrast to their polarising and partisan responses to the crisis at home. In both cases, foreign policy became a projection of each leader's self-fashioned identity as the voice of the people against the elite. These core populist narratives shaped how they defined their country's middle-power role in international affairs – emphasising solidarity with the Global South and advocating for global justice. Through this, they echoed typical populist themes: presenting themselves as the voice of the people and positioning their countries in opposition to global political and economic elites (Baydag & Villanueva Ulfgard, 2025). In turn, they advanced domestic political agendas that were otherwise highly divisive. Development cooperation thus served not only as a foreign policy tool, but also as a means of reinforcing political authority and sustaining personalised leadership at home.

López Obrador's "First, the poor" mantra and populist framing of moral leadership

During the COVID-19 pandemic, Mexican President López Obrador projected a populist and personalised approach to development cooperation that closely aligned with his domestic political agenda. Although his government's response was marked by austerity and institutional fragmentation – offering less than 1 per cent of GDP in above-the-line fiscal support, the lowest rate in Latin America – he maintained a high public support level by framing the crisis in moral and anti-neoliberal terms (de la Cerda & Martínez-Gallardo, 2022). He consistently emphasised the mantra "First, the poor", revoking religious references and presenting economic hardship as a failure of global capitalism to justify limited aid to businesses in favour of protecting the most vulnerable (Infobae, 2020).

Domestically, López Obrador resisted expert recommendations and centralised decision-making. He initially came close to pandemic denialism, which can be seen as similar to those populist leaders such as Donald Trump and Jair Bolsonaro. In his daily press briefings, he dismissed critics – labelling them as remnants of a “neoliberal elite” – and often downplayed pandemic risks, contributing to political polarisation (Piña López, Tapia Grijalva, & Ruiz García, 2024). Despite severe health outcomes – for instance, there were more than 330,000 recorded deaths and nearly 15 million uninsured – López Obrador maintained strong approval ratings (AS/COA, 2024).

Internationally, President López Obrador extended these narratives into multilateral arenas and in regional initiatives. As a non-permanent member of the United Nations (UN) Security Council and as CELAC’s President Pro Tempore (2020-2021), Mexico promoted vaccine equity and South-South cooperation while denouncing the failures of global mechanisms such as COVAX (Al Jazeera, 2021; Mexican Secretariat of Foreign Affairs, 2021). He proposed a Global Anti-Poverty Plan targeting 750 million people and called for contributions from G20 nations and global elites, linking global peace to justice for the poor (Government of Mexico, 2021). Mexico also donated vaccines across Latin America and extended flagship domestic programmes such as “Sowing Life” and “Youth Building the Future” to Guatemala, El Salvador and Honduras (Forbes, 2021).

Mexican development policy mirrored López Obrador’s populist narratives at home: highly personalised, morally framed, and focused on confronting both economic elites and perceived global injustices. Mexico’s role as a cooperative middle power during the pandemic was thus shaped by the president’s populist narratives. While the country’s domestic response to COVID-19 revealed systemic vulnerabilities, he used foreign policy to position Mexico as a principled advocate for the Global South, reinforcing his domestic image and asserting regional leadership through solidarity (Baydag & Villanueva Ulfgard, 2025).

Populist framing of global justice: Erdoğan and “The world is bigger than five”

During the COVID-19 pandemic, Erdoğan’s populist agenda and narratives portrayed him as a pro-poor, compassionate leader while presenting his government as capable and effective – despite, within only four weeks, Turkey experiencing one of the world’s most rapid surges in COVID-19 cases, exceeding 3,000 new infections per day. Although the early pandemic period saw brief consensus and cooperation between the government and opposition (Aydın-Düzgüt, Kutlay, & Keyman, 2024), it quickly gave way to renewed political tensions, especially in contexts marked by rivalry with opposition municipalities or shaped by cultural and religious divisions.

Domestically, Erdoğan emphasised moral leadership and state competence by introducing stimulus packages targeting selected sectors and launching a national fundraising campaign – “We are self-sufficient” – whereby he donated several months of his own salary to support low-income groups (Hürriyet, 2020). Despite the pro-poor rhetoric, these measures sparked public controversy due to the politicisation of public health management and the selective enforcement of regulations for political gain (Aksoy, 2020). The stimulus packages were deemed insufficient for Turkey’s economic needs and criticised for favoring medium and large businesses over low-income groups (Gökay, 2020). Opposition-led municipalities were systematically undermined, notably when Erdoğan blocked their independent fundraising efforts with an accusation of creating “a state within the state” (Duvar English, 2020). Public health outcomes in Turkey exposed significant structural weaknesses in the health care system and broader governance. These were exacerbated by existing economic challenges – such as low savings rates and high external debt levels – and by a personalised presidential system that blurred lines between crisis management and political consolidation (Laebens & Öztürk, 2022).

Internationally, Erdoğan leveraged the pandemic to elevate his populist narratives by positioning Turkey as a voice of global justice and solidarity. At the UN and G20 summits, he raised the issue of vaccine inequality, criticised the effectiveness of global institutions and called for institutional reform – echoing his long-standing slogan “The world is bigger than five”, a critique of the UN Security Council (Republic of Türkiye, 2020). Framing global injustice as a central theme, he emphasised solidarity with developing countries and pledged to make Turkey’s potentially domestically produced vaccine available worldwide (UN, 2021) Although these efforts broadly aligned with Turkey’s traditional practices for official development assistance – often shaped by ethnic, linguistic and historical ties (Güngör, 2021) – the country sent medical aid to 157 states and 12 international organisations (Republic of Türkiye, 2021), also including wealthier countries such as Italy, the United Kingdom and the United States. In addition, these actions carried a clear status-seeking element that is common in populist foreign policy, with aid packages prominently displaying the presidential seal to reinforce Erdoğan’s personal association with state generosity.

Overall, Erdoğan’s rhetoric supported his vision of Turkey’s middle-power role as a key global actor in addressing the crisis, despite his polarising policies at home. His depiction of Turkey’s international role was closely tied to his self-fashioned, personal political identity – as a leader challenging the establishment and embodying the will of the people. In line with this image, his statements on international platforms portrayed Turkey as a principled voice against global injustice, morally superior to self-interested Western powers and a reliable partner to developing countries (Baydag & Villanueva Ulfgard, 2025).

Conclusion: populism, personalisation and the future of development policy

These illustrative cases show that the early phase of the COVID-19 pandemic offered a strategic opening for populist leaders in Mexico and Turkey to elevate their countries’ middle-power roles – as well as their own – in international development cooperation. Although both leaders are known for their domestic disruption and executive personalisation, they embraced a cooperative stance during the global pandemic while expressing support for multilateralism and solidarity with developing countries. This challenges the assumption that populist leadership inherently undermines international engagement. Instead, it shows how personalised, leader-driven narratives can be extended into foreign policy to serve both domestic legitimacy and global positioning.

The instrumental use of development cooperation by middle powers such as Mexico and Turkey reflects broader shifts in the global development landscape. As the leadership of the United States declines and traditional donors turn inward, these countries may be stepping in to fill emerging gaps – though whether they intend to or are equipped to do so remains uncertain. However, the personalisation of development policies comes with a risk: It raises concerns about the institutional grounding of international development cooperation. When development policy strategies are closely aligned with the domestic and international agendas of individual leaders, they risk becoming transactional, short-lived and susceptible to political turnover. Without stronger institutional frameworks and sustained policy commitments, such efforts may lack continuity and long-term effectiveness.

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13. The imperial intent of Trump's trade war and its implications for development, with a focus on China

Andrew M. Fischer

Abstract

Donald Trump justifies his trade war by claiming that US trade deficits mean the United States is being ripped off by countries with trade surpluses or is subsidising them. While seemingly confused, his thinking on the matter has been reinforced by many economists, given the common reading of US trade deficits as a sign of productive weakness or as portending the downfall of US hegemony. However, viewed through a structuralist development economics lens, the persistent US trade deficits that have emerged since the early 1980s are arguably a sign of US strength derived from its hegemonic position within international production and financial networks. This is demonstrated in the case of China. Its goods trade surpluses have, until recently, in large part reflected the profitability of US corporations dominating the international production networks into which China has rapidly integrated since the 1990s, as also expressed by the rapid denationalisation of its export sector up until the global financial crisis in 2008. Although China has successfully crawled back national control over its exports and excelled at industrial upgrading and diversification, which has undoubtedly exacerbated tensions with the United States, it highlights the monumental developmentalist challenges facing other Global South countries to do the same in the face of increasingly aggressive assertions of US dominance and more explicit demands for imperial tribute-like concessions.

Introduction

Trump justifies his trade war by claiming that US trade deficits mean the United States is being ripped off by countries with trade surpluses or is subsidising them. The irony, when he announced tariffs for the whole world on 2 April 2025, is that they included countries of the Global South that have, for decades, been coaxed or coerced into following export-oriented models to supply goods to the Global North, especially the United States, under conditions that have been mostly advantageous to US corporations.

While Trump appears confused, his line of reasoning has nonetheless been reinforced by many economists – mainstream and heterodox, on both sides of the political spectrum – given the common reading of US trade deficits as reflecting productive weaknesses within the US economy. Larry Summers, former US Treasury Secretary and doyen of orthodox economic thinking in the United States, has evoked the common adage of US exorbitant privilege, questioning why Trump would wish to undermine the setup whereby the United States can supply limitless fiat money to the world in exchange for buying cheap imports (Summers & Ferguson, 2025). His logic, without further qualification, implicitly supports a conception of the United States as a consumer power, but not necessarily as a producer power, yet it is precisely the latter that the Trump administration claims to be addressing (i.e. the return of production to the United States). Similarly, US trade deficits have been read for decades by many heterodox economists as omens of an impending decline of US dominance, particularly its hegemonic dollar system (e.g. see this prediction in Varoufakis, 2011). The fact that US dominance rebounded following the global financial crisis (GFC) of 2008 does not seem to perturb these

chronicles of a death foretold, even though they are disputed by some prominent public intellectuals such as Adam Tooze.⁷

This short paper offers a counter perspective to these logics, drawing from the structuralist tradition of development economics to refocus attention on corporate rather than national units of analysis in the organisation of trade and production and their relation to economic development. This alternative lens is important in highlighting how persistent US trade deficits since the early 1980s, as well as surpluses in its Southern trade partners such as China, have been reflections of the profitability of US corporations and their dominance of international production and financial networks centred in the United States. From this perspective, the current round of Trumpian aggression appears in continuity with past efforts under successive US administrations to subordinate rising economic powers to this US dominance. The second coming of Trump is a particularly bombastic intensification of these efforts, with certain contradictions that have yet to be revealed in the prevarications of Trump's chaotic posturing. Nonetheless, the evidence thus far with China – the country of the Global South most able to resist these efforts – suggests bargaining tactics that have been common since the GFC, but with the added element of making tributary payments to the United States more explicit than implicit within these relations.

This is discussed in three sections. The first clarifies trade relations according to these structuralist insights. The second analyses how these relations are expressed in China's own balance of payments data. The third briefly reviews US trade wars since the GFC.

Reconsidering trade

It is important to understand contemporary global trade not as a system of arms-length transactions of finished goods between nations, but rather, as a system of production networks led and organised by transnational corporations. These are often referred to as international (or global) production networks (IPNs), or as global value chains.⁸ Despite the relatively recent rise of emerging powers such as China, leadership of these networks is still mostly centred in the Global North, especially the United States.

With the rise of these networks under economic globalisation, an increasingly large proportion of trade flows (and their corresponding financial flows) have become intra-firm or intra-network, meaning trade flows that are internal to the organisation of these IPNs, such as trade in intermediate inputs for production (e.g. see UNCTAD, 2020). For instance, the production of a smartphone might pass through 10 or more countries before it is sold to an end consumer. Each time it passes through a country, it is recorded as an external trade transaction for the full value of the stage of production up to that point, even if at each stage only a marginal addition is made to the value of the product (referred to as "value added" in economics). Indeed, this explains why the value of global trade has increased more rapidly than global GDP over the last 50 or so years.

In this respect, the US economy sits at the apex of this vast global production system, which serves as the deep productive roots of its hegemonic position within the global monetary and financial system. However, this is poorly reflected by conventional trade and financial statistical systems, which were designed in the early post-war era when trade was much more about trade in finished goods between nations, and private financial flows were very limited besides direct investment. The emergence of digital payments (such as Netflix, Airbnb and Uber) has

7 For instance, see <https://adamtooze.com/2023/04/28/chartbook-211-bucking-the-buck-debating-the-global-dollar-again/>

8 IPNs is preferred here, as this concept is more suited to capture how these networks of industrial organisation interlink across many sectors and industries under corporate leadership.

compounded these reporting problems in trade data, although the underlying problems preceded the emergence of the internet.

The emergence of persistently large US trade deficits since the early 1980s has similarly been an expression of these globalising systems of production led by US corporations. An excellent example is Mexico. Its domestically oriented and nationally owned industrial base was crippled by the 1982 debt crisis and subsequent adjustment policies, and its industrial structure was radically restructured towards its northern border with the United States, with the rapid proliferation of *maquiladoras* – assembly manufacturing at the service of US corporations supplying the US market. It was precisely through this process that Mexico became so deeply integrated into the production networks of US car companies and other US corporations, which is often attributed to the North American Free Trade Agreement of 1994, although the process of industrial restructuring was already well underway by that point. Through the process, Mexico's trade balance with the United States flipped from deficits in the 1970s to mild surpluses already in the 1980s (although it returned to slight deficits in the early 1990s), and then to large and increasing surpluses from 1995 onwards.

Accordingly, persistent US trade deficits are better understood as a sign of US strength rather than weakness, based on the productive power of these industrial networks centred on the United States, not simply on its consumption power supported by fiat money and finance. Or, as noted by Kregel (2008), US deficits have been a mirror reflection of the profitability of the US corporate sector. A simple way of understanding this is through products such as the iPhone, which, according to some estimates, alone accounted for a US\$33 billion deficit in the US trade balance with China in 2024, and yet most of the value added, wages and profits that were generated from this deficit were accrued in the United States, along with the research and development and other high-value and high-skill parts of the value chain (Contractor, 2025). Similar examples could be drawn from across the wide range of US companies operating in China, from Walmart to Tesla.

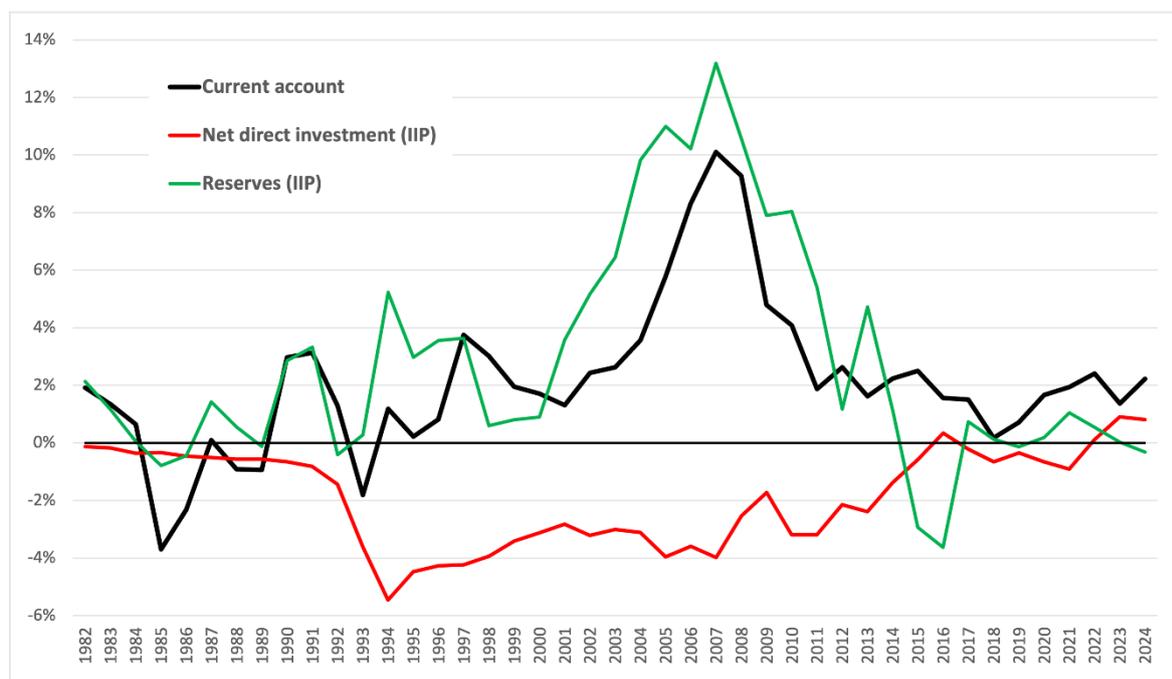
The China mirror

This mirroring is also reflected in the trade and balance of payments statistics of China. Its famous twin surpluses of the 2000s – on its current account and its foreign exchange reserve accumulation – are shown in Figure 2. The current account surplus only started to suddenly increase in the mid-2000s, then it peaked at just above 10 per cent of GDP in 2007. Because the central bank (the Bank of China) controls foreign exchange transactions, most of the annual foreign exchange generated by these surpluses and from net foreign direct investment (FDI) was accumulated as reserves by the Bank of China. The accumulation of these reserves peaked at US\$4 trillion by the end of 2014.⁹

These surpluses are what led to allegations immediately following the GFC that a “savings glut” had emerged from China (the trade surplus), which in turn fuelled the financial bubble in the United States through the “recycling of surplus savings” (the investment of reserves) into secure US government debt. This is essentially how Klein and Pettis (2020), as one prominent example, explain how “underconsumption” in China fuels assets bubbles in the United States.¹⁰

9 Calculated from International Monetary Fund (IMF) balance of payments (BoP) data (<https://www.imf.org/en/Data>).

10 It is worth noting that Pettis has been making this argument, with only slight modifications, since at least the GFC. See my analysis of his earlier arguments, along with those of Paul Krugman, Ben Bernanke, among others, in Fischer (2009). Also see Liu (2024) for a take on overproduction, the flip side of the underconsumption argument.

Figure 2: China current account, net direct investment and reserves (1982-2024)

Note: Percentage of GDP converted at annual average nominal exchange, financial account reported according to international investment position (IIP).

Source: Author, based on IMF balance of payments data: <https://www.imf.org/en/Data> (last accessed on 19 May 2025)

Both surpluses tapered off in the 2010s, and the current account almost balanced in 2018, while reserve accumulation turned negative in 2015 and 2016 as the Bank of China used about US\$1 trillion of its reserves to defend the value of the renminbi against strong depreciation pressures (Yu, 2017). The current account surplus subsequently recovered and has been on an upward trend since the COVID pandemic, reaching a more modest 2.2 per cent of GDP in 2024, driven by a goods surplus of 4 per cent of GDP, whereas reserve accumulation remained roughly balanced from 2017 onwards. The recent increase in the goods surplus has been highlighted by many as one of the triggers of current trade tensions with the United States, especially that it is now much larger in nominal dollar value than in 2008.

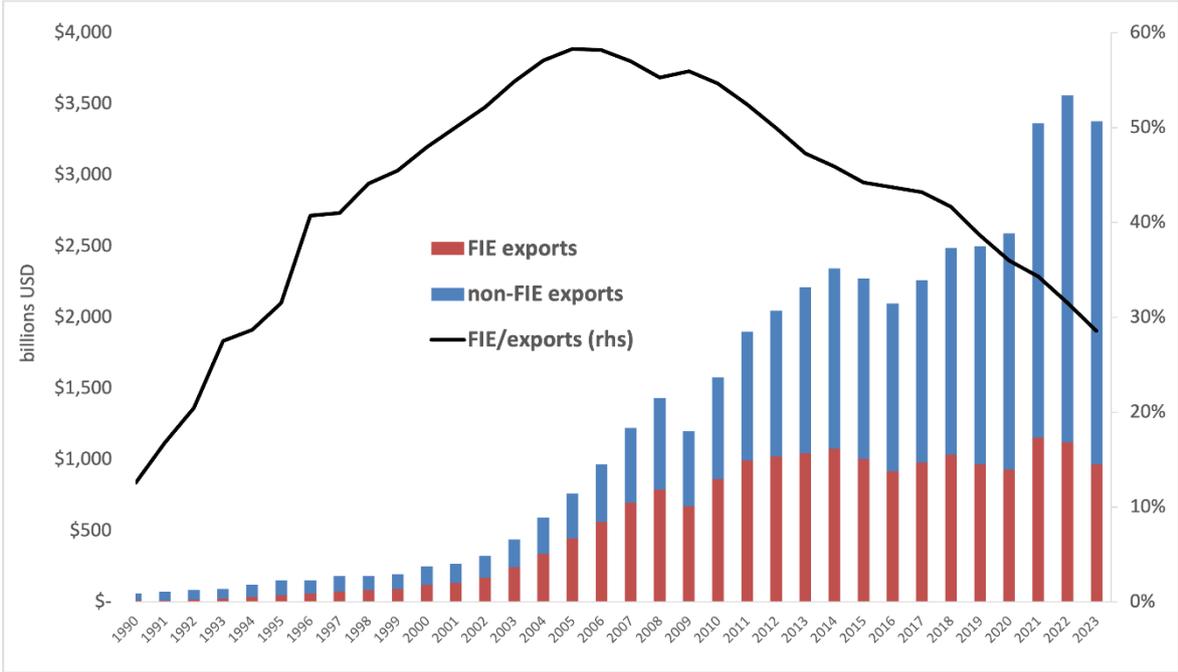
A key qualification, however, is that the surge in FDI preceded these twin surpluses by 10 years, as shown by the red line in Figure 2 (net direct investment).¹¹ Net FDI into China surged following the famous “Spring Tour” of Deng Xiaoping in 1992, reaching more than 5 per cent of GDP in 1994, and it remained at around between 2 and 4 per cent of GDP for the next 20 years. These levels of FDI are high by international comparison, and their duration at these levels long, especially for a large industrialising economy. For example, during the iconic years of dependent development in Brazil in the 1960s and 1970s, net FDI rarely rose above 1 per cent of Brazil’s GDP, and then during the period of liberalisation only briefly reached 4.7 per cent in 2000 (Fischer, 2018b). On the other hand, the levels in China up to the mid-2010s were comparable to those of Mexico from 1995 onwards (as a percentage of GDP), reflecting a similarly rapid and deep integration into Northern-led IPNs.

Because these FDI flows into China were concentrated in the export sector (like Mexico since the 1980s), an overlooked aspect of the dramatic surge in the goods trade surplus of China was

¹¹ Following the IMF (2009), the financial account is reported in terms of international investment positions, hence a negative value represents net foreign direct investment going into the country.

the very rapid denationalisation of its exports. This is shown in Figure 3, which tracks the “foreign invested enterprise” (FIE) share of goods exports, and in Figure 4, the FIE share of the goods trade surplus. These enterprises are mostly foreign – 88 per cent of the registered capital in these enterprises was foreign in 2023 (calculated from NBS, 2024, table 11-16), a level that has remained largely unchanged over the years (for an evolving analysis of this, see Fischer, 2010b, 2015, 2018a). These enterprises include those mentioned above – Walmart, Foxconn, VW, Tesla, Carrefour and IKEA, among others. The measure notably understates the extent of foreign involvement in the export sector, insofar as much of it happens via subcontracting to domestic firms, even while the production and distribution process is controlled by lead foreign firms (such as with much of the textile and footwear sectors).

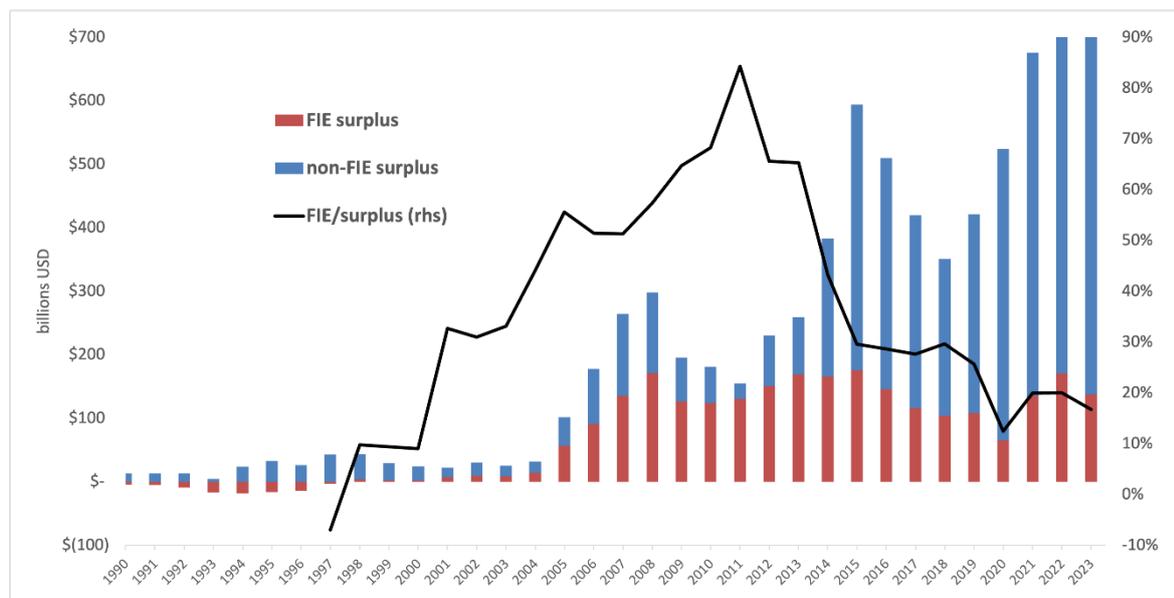
Figure 3: China goods exports broken down by foreign-invested enterprises and domestic enterprises, 1990-2023 (customs data)



Note: The black line represents the percentages – “rhs” means right-hand scale.

Source: Author, calculated with data from tables 11-09 and 11-10 in NBS (2024) for 2023 data and equivalent tables in previous yearbooks for earlier data.

Figure 4: China goods trade balance broken down by foreign-invested enterprises and domestic enterprises, 1990-2023 (customs data)



Source: Author, calculated with data from tables 11-09 and 11-10 in NBS (2024) for 2023 data and equivalent tables in previous yearbooks for earlier data.

As these figures show, the foreign share of total exports rose from 13 per cent in 1990 to a peak of 58 per cent in 2005 and 2006. The share only fell below 50 per cent in 2013 and continued a downward trend to 29 per cent by 2023. The falling share has been due to stagnation in FIE exports, which roughly stabilised in value in the 2010s, and the sharp rise in domestic enterprise exports, especially in 2021. The latter would include the emergence of companies such as Huawei, Xiaomi and BYD.

Similarly, the foreign share of the goods trade surplus rose dramatically in the 2000s, up to 57 per cent of the surplus in 2008. Then, as the surplus shrank following the GFC, it briefly reached 84 per cent in 2011. It fell sharply thereafter, for the reasons mentioned above, although it remained at almost one-fifth of the surplus in 2023.

The rise of domestic enterprises in the share of goods exports and surpluses reflects concerted efforts by the government (under Hu Jintao and then Xi Jinping from 2012) to increase the exports of domestic enterprises and the local content of exports more generally, alongside broader industrial policy efforts to upgrade and diversify. For instance, in a study based on detailed firm-level data, Upward et al. (2013) found that 40 per cent of China's export value in 2006 was derived from imported intermediates, and this was as high as 61 per cent in the electronics industry. However, government efforts to address this worked against US corporate interests, and set the stage for the trade war confrontations that have taken place ever since.

As another way of understanding this, a large part of China's "savings glut" at this time did not represent Chinese savings per se, but rather the surpluses or investments of foreign enterprises operating in China and using the country as an export base. A large part of foreign exchange reserves in this sense are part of a complex portfolio of assets and liabilities that the Bank of China manages. The counterpart of the reserves held by the Bank of China is the build-up of domestic assets held by foreigners (or by domestic entities that also earn trade surpluses), which technically could be withdrawn from the country, as much of it was in 2015-16 when there was a run on the currency, as mentioned above, along with huge unaccounted financial outflows from the economy (see Yu, 2017). The tendency for economic instability within this balancing act clarifies why the government reversed the gradual liberalisation of its financial ("capital")

account in 2016 and started imposing more control over the economy, which it has maintained to this day.

Moreover, reserve accumulation became a vehicle – in addition to the more conventional route of FDI – through which foreign enterprises have accumulated domestic assets and expanded into the domestic economy. For instance, Walmart generates a substantial trade surplus through its exports from China to the United States and uses its resulting accumulation of domestic assets to expand its operations inside China. In this sense, one of the frontlines in China’s economic confrontation with the United States has been as much within China – the expansion of foreign corporations within China – as it has been abroad, even though the current trade war has been mostly portrayed as an external confrontation of China competing with the United States through trade.

China has also been incredibly successful at clawing back national control over its exports and trade surpluses, as noted above. This has been supported by a variety of industrial policies, including regulations to increase locally sourced inputs into exports and local value-added, with the aim to lessen reliance on the processing of imported components and bolster the rise of national champions that could displace foreign enterprises. In addition to the reversal of gradual capital (financial) account liberalisation in 2016, these combined efforts help to understand the tensions that have emerged with the United States in the process, although an essential qualification to keep in mind is that they are as much about China’s sovereignty over its own process of industrialisation as they are about competing with the United States.

Trump and legacies of US hard bargaining

How then are we to understand Trump’s current trade wars? He and his representatives have been making demands for not only reciprocal treatment, but also the complete elimination of US trade deficits with all trade partners (even in cases where they do not exist). Yet, although this aggressive stance seems like a shattering of US-led international norms, it is actually consistent with assertions of US power throughout the neoliberal era, and in particular regarding China since the GFC.

For example, when China was accused by the US government and many US economists immediately following the GFC of undervaluing its currency, a similar logic of deficit elimination was evoked, that the currency was undervalued by virtue of China’s trade being in surplus, and that it needed to revalue by an amount required to lower the surplus to a reasonable level (for a critical discussion of these arguments, see Fischer, 2010a). However, the threat of sanctioning China for currency manipulation was arguably being used by the US government at the time (under President Barack Obama) as a hard bargaining chip in negotiations that ultimately were not aimed at revaluing the renminbi (which was not necessarily in US business interests), but at increasing freedom of access to the domestic market in China for US corporations. Indeed, US Treasury Secretary Tim Geithner, who was leading negotiations with China, suggested that US conciliation towards China on the currency issue was related to Beijing’s relaxation of restrictions facing foreign corporations, such as “indigenous innovation” rules that had been introduced in 2009, which US corporations claimed would exclude them from public procurement contracts (Fischer, 2010a). Like Brazil, which had also introduced similar local procurement rules in 2010, these were part of Beijing’s broader efforts to increase the local content and domestic value-added of its industries.

Much to his displeasure of being compared to Obama, Trump in his first term essentially perpetuated this bargaining strategy, with similar objectives. This was then maintained and even extended by Joe Biden. For instance, the sanctioning of solar panel producers in China occurred under Biden, although these built on allegations that started under Trump.

In this regard, it is difficult to believe that the second coming of Trump will sustain self-destructive policies that undermine the profitability of US corporations. Rather, Trump's erratic flip-flopping appears to suggest a similar bargaining approach. The trade war, with its Orwellian discourse of portraying dominance as being abused, is ultimately aimed at subordinating trade partners, albeit with an increasing insistence on imperial-like forms of tribute, if not darker forms of neo-imperial control. Although other Global North countries and China might have the capacity to resist this, much of the Global South, already struggling with major debt strain, does not.

Conclusion: lessons for development

There are several lessons from China for the rest of Global South through this lens of analysis. They derive from an understanding of the structurally peripheral and subordinate position of developing countries within the international economic order, from which China is still emerging. More specifically, the case of China highlights the importance of understanding the ownership structures underlying trade and financial flows in assessing who benefits from such trade and finance, and hence whose interests are at stake within trade war confrontations. It also highlights the importance of examining the ownership of domestic assets by foreign corporations in developing countries, the (new) dependencies this produces or reproduces, and, as demonstrated by China, the enormous developmentalist efforts required to overcome these dependencies, which have been the target of increasingly aggressive tactics over successive US presidencies. Whether or not Trump gets his way in undermining these efforts will have decisive implications for nationally sovereign projects of economic development for the foreseeable future.

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14. Trump's trade policy, development cooperation and the Global South

Clara Brandi

Abstract

Donald Trump's return to the US presidency marks a decisive turn towards economic nationalism, with wide-ranging implications for the Global South. This paper examines how Trump's trade policy – characterised by high tariffs, reshoring and a retreat from multilateralism – challenges the foundations of the post-war liberal trade order. Drawing on traditions in development economics and international political economy, it explores how Trump's agenda disrupts export-led growth strategies in developing countries and exacerbates vulnerabilities tied to global value chains. Crucially, it links this trade realignment to a parallel withdrawal from global development cooperation, reflecting a nationalist posture that undermines both aid and trade norms. The paper outlines three scenarios for how Trump's trade strategy may affect the Global South, ranging from fragmentation and marginalisation to strategic realignment and developmental sovereignty. It concludes by arguing that Trump's policy stance, while destabilising, also creates an opening to rethink development cooperation, not as aid-driven, but as a vehicle for structural reform, fairer trade rules and renewed institutional agency for the Global South.

Introduction

Trump's reassertion of nationalist trade policy in 2025 marks a profound shift from the liberal international order that shaped global trade in the post-war era. Characterised by high tariffs, reshoring initiatives and transactional diplomacy, Trump's approach destabilises long-standing multilateral norms. Analysing Trump's trade policy is key, as it does not represent a temporary shock but illustrates a longer-term structural trend towards "our nation first" approaches that threaten the very basis of the multilateral trading system. For the Global South, whose development trajectories have often hinged on access to global markets, these shifts raise urgent questions about economic sovereignty, vulnerability and policy space. This paper situates Trump's trade strategy within the traditions of development economics and international political economy (IPE), illuminating its ramifications for the Global South. The paper puts the spotlight on two focal areas – export-led development and the erosion of multilateralism – before setting out three scenarios for how Trump's trade policy might affect the Global South in the future.

To structure this analysis, this paper proceeds in four parts. It begins by situating Trump's trade policy within broader debates in development economics and IPE. It then examines the specific ways in which Trump's agenda disrupts key pillars of the global trade regime, particularly export-led growth and multilateralism, and it explores the uneven vulnerabilities this creates for developing countries.

Building on this, three future scenarios that could emerge under a Trumpian trade order are outlined. Finally, the paper turns to the implications for global development cooperation, arguing that the current crisis of multilateralism offers both a warning and an opening: Although traditional aid is in retreat, this moment invites a more structural rethinking of development itself – anchored in fairer trade rules and a renewed push for global institutional reform.

International trade and development reconsidered in the age of Trump

Although Trump's trade policy is framed as a nationalist strategy, for example in response to Chinese competition, its implications resonate with earlier critiques by development economists such as Raúl Prebisch and dependency theorists (Prebisch, 1950). Their argument, that global trade perpetuates structural inequalities, finds renewed relevance with the latest attempts by the United States to reconfigure global value chains to its advantage.

A notable contrast arises between the neoliberal orthodoxy dominant since the 1980s, which emphasised trade liberalisation, export-oriented industrialisation and integration into global markets, and Trump's resurgent economic nationalism. Whereas neoliberalism depicted global markets as engines of development (e.g. the seminal work by Krueger, 1997), Trump's protectionism asserts that these same markets have undermined domestic industry and sovereignty. In this context, Trump's policies paradoxically mirror critiques voiced by structuralist and dependency theorists in the Global South (Cardoso & Faletto, 1979).

The imposition of tariffs, reshoring and decoupling from China constitutes a form of de-globalisation that undermines market-driven integration. Although rooted in protectionist nationalism rather than international solidarity, Trump's agenda inadvertently aligns discursively with Global South critiques that global markets often entrench dependency and underdevelopment. These policies resemble – in form if not intent – the postcolonial strategies of economic self-reliance and strategic protectionism.

This alignment is most starkly visible in the logic behind Trump's proposed tariff policy (e.g. Butler, 2025), which is based on bilateral trade balances, a concept widely discredited by economists (e.g. Irwin, 2023). Countries that have trade surpluses with the United States face higher tariffs, regardless of whether these surpluses reflect fair or exploitative trade practices (Brandt & Vogel, 2025). Since many least developed countries (LDCs) import little from the United States – owing to the capital-intensive nature of US exports – and export labour-intensive goods that the United States cannot produce competitively, they often run trade surpluses. Consequently, LDCs are disproportionately penalised.¹² The seemingly arbitrary application of tariffs, based on flawed metrics, illustrates the vulnerabilities of the periphery in an increasingly multipolar, yet still unequal global system.

A Gramscian or structuralist IPE perspective (Cox, 1983; Strange, 1988) highlights the erosion of US-led hegemony and the resulting institutional instability. As the United States retreats from multilateralism, emerging powers and regional blocs may redefine global trade norms, opening opportunities, and risks, for smaller and poorer countries in the Global South.

12 For example, if Trump's so-called reciprocal tariffs are implemented, Bangladesh (37 per cent), Cambodia (49 per cent), Laos (48 per cent), Lesotho (50 per cent) and Madagascar (47 per cent) are among the hardest hit. Lesotho, whose textile industry was a hallmark of success under the African Growth and Opportunity Act (AGOA), risks collapse. In 2023, over 99 per cent of Lesotho's exports to the United States consisted of textiles and diamonds, while it imported only US\$3.3 million in US goods. Tariff hikes would likely render Lesotho's exports uncompetitive, threatening livelihoods in a country where a third of the population lives below the international poverty line (World Bank, 2023). See also Britz, Olekseyuk and Vogel (2025).

Implications for the Global South and for the global order

Trump's trade policies fundamentally disrupt export-led growth, a hallmark of Global South development strategies since the 1980s. By imposing sweeping tariffs and prioritising reshoring, the United States undercuts the viability of industrial strategies premised on integration into global value chains (Gereffi, 2014).

Countries such as Bangladesh, Vietnam, Ethiopia and Lesotho, which rely on textile and apparel exports to the United States, are at a particularly high risk of facing significant contraction in market access. The reduced competitiveness of their goods due to tariffs not only threatens employment but also undermines fiscal revenues and foreign exchange reserves. The shift from multilateral to bilateral trade arrangements further weakens the bargaining power of these countries and might force them into asymmetric agreements that curtail their policy space.

Moreover, Trump's disdain for multilateral institutions, especially the World Trade Organization (WTO), accelerates the Global South's search for institutional alternatives and economic sovereignty. The paralysis of dispute resolution mechanisms and the weaponisation of trade policy undermine the rules-based order, leaving developing countries increasingly exposed. This retreat from multilateral trade norms is mirrored in Trump's broader disengagement from global development cooperation, revealing a consistent posture of transactionalism and unilateralism across both trade and aid domains.

The impact of Trump's trade agenda will vary markedly across countries, depending on their economic structures and degrees of integration into global markets (Kornher & Brandi, 2025). Small economies such as Lesotho face particularly high risks. In contrast, large middle-income countries with manufacturing export bases such as Indonesia and Brazil may have more capacity to absorb shocks. These divergent starting points underscore that Trump's policies do not produce a uniform crisis but rather an uneven landscape of disruption, with some states facing existential risks while others may manoeuvre strategically.

In response, regional integration initiatives such as the African Continental Free Trade Area (AfCFTA) are gaining traction as tools of resilience and intra-regional trade promotion. Simultaneously, South-South cooperation platforms such as BRICS and institutional innovations such as the New Development Bank provide emerging avenues for political leverage (Hopewell, 2016).

These responses can be read through a Gramscian lens as attempts at building counter-hegemonic blocs capable of reshaping global trade norms. However, their effectiveness depends on internal coherence, state capacity and the ability to withstand external pressures – economic and geopolitical alike.

In short, Trump's trade agenda places export-led development models under acute stress – prompting a re-evaluation of industrial strategies across the Global South – and undermines the rules-based global order.

Three scenarios: diverging developmental outcomes under Trump's trade agenda

Trump's trade strategy introduces a destabilising uncertainty into the global economic order. Its effects on the Global South will vary significantly, depending on the structural characteristics of individual economies and how other global actors – such as China, the European Union (EU) and other regional blocs – respond. This section outlines three scenarios to illustrate these divergent trajectories.

Scenario 1: Fragmentation and marginalisation

In this scenario, Trump's tariff regime is implemented in full, with the United States applying broad-based import surcharges based on bilateral trade deficits. Countries highly dependent on the US market – especially LDCs in Africa and South East Asia with limited export diversification – are disproportionately affected. For example, the textile sectors in countries such as Lesotho, Bangladesh and Madagascar might collapse under the weight of new tariffs.

The EU and China, preoccupied with internal challenges, fail to absorb displaced exports, while regional trade initiatives remain underdeveloped. As capital flight and currency instability intensify, monetary policy autonomy is constrained, exemplifying the trilemma dynamics described by Rodrik (2000). In this world of aggressive bilateralism and shrinking policy space, development stalls and poverty rises across the Global South.

Scenario 2: Strategic realignment and partial resilience

Here, the Global South reacts proactively. Regional integration schemes such as AfCFTA and Mercosur gain traction, bolstered by investments in logistics, customs harmonisation and intra-regional infrastructure. Simultaneously, China and the EU, both seeking to counterbalance US unilateralism, offer preferential access and development financing to marginalised countries.

Export-oriented economies pursue partial reorientation: Textile production is rechanneled towards China, India and the EU; commodity exporters secure new trade agreements. Although short-term disruptions remain, especially in LDCs, diversification and South-South cooperation cushion the blow. Institutional capacity and strategic state intervention become decisive in shaping outcomes.

Scenario 3: Strategic sovereignty and developmental breakthrough.

In the most optimistic scenario, Trump's trade shock catalyses a fundamental rethinking of development strategies in the Global South. Recognising the volatility of dependency on Global North markets, countries adopt new industrial policies oriented around regional value chains, import substitution and green transformation.

Multilateral alternatives to US-dominated institutions gain legitimacy: The BRICS New Development Bank, regional monetary arrangements and commodity-backed digital currencies offer autonomy from dollar hegemony. Governments reassert developmental state models, using tariffs, subsidies and public investment to promote industrial deepening. In this scenario, Trump's nationalism inadvertently accelerates a long-overdue rebalancing of global economic power.

Trump and the future of development cooperation: opportunities for structural reform

The erosion of multilateralism in trade is not an isolated phenomenon but part of a broader unravelling of global cooperation frameworks under Trump's nationalist agenda. Just as his tariff regime undermines the foundations of export-led development, his retreat from aid and global institutions signals a parallel withdrawal from the norms of international development solidarity. Donald Trump's second presidency not only leads to a protectionist turn in trade policy, but also a deep retraction in US engagement with global development cooperation. We have witnessed the elimination of the United States Agency for International Development (USAID) and the end of US funds to multilateral institutions, including United Nations organisations.

This retreat must be seen within a broader trend across the Global North. Several countries have implemented unprecedented ODA cuts, including the United Kingdom and the Netherlands, and backlashes in more countries are on the horizon. The ideological shift is clear: Development cooperation is no longer viewed as a moral imperative or a stabilising investment in global prosperity but as a dispensable budget line.

This systemic withdrawal of development finance presents a critical challenge for the Global South. Traditional aid-based approaches – centred on social sector investments, technical assistance and donor-led capacity-building – are becoming unsustainable in an era of shrinking budgets and rising geopolitical competition.

Yet, this crisis also presents an opportunity. The decline of aid from the Global North underscores the urgent need to reorient development cooperation around structural change rather than financial transfers. As the fiscal space for traditional aid narrows, it becomes essential to target the underlying rules and institutions that shape the global economy and sustainable development. Development cooperation must increasingly focus on trade rules, investment regimes, debt sustainability, tax justice and technology access – all arenas where systemic reforms can generate long-term development dividends.

For instance, addressing structural biases in WTO rules can give the Global South a fairer foothold in trade governance. There are also many opportunities beyond trade. Rethinking the global tax architecture could help stem illicit financial flows and corporate tax avoidance that cost developing countries billions annually. Similarly, reforming investment treaties and dispute settlement mechanisms can restore the policy space for developmental regulation.

These are not easy goals, particularly in a moment marked by immense challenges for multilateralism and scepticism towards the rules-based international order. But precisely because global governance is under strain, there is a renewed opportunity – and necessity – to advocate for new norms and institutions that reflect development realities. South-South coalitions, civil society movements and reformist states must seize this moment to push for a more equitable global economic architecture.

Conclusion: navigating trade and development in an era of disruption

Trump's return to power, and his renewed embrace of economic nationalism, signals a profound rupture in the architecture of global trade and development cooperation. For countries in the Global South, this shift is not merely about tariffs or trade flows; it raises fundamental questions about sovereignty, dependency and the future of development itself. Export-led growth models, long promoted as pathways to prosperity, now appear fragile in the face of US protectionism and the erosion of multilateral norms.

Yet, this rupture also reveals deeper structural tensions that have long plagued the global economic order. Trump's tariffs may be crude instruments, but they inadvertently expose the vulnerabilities inherent in a development model that relies too heavily on access to external markets and donor goodwill. In doing so, they underscore the urgency of reimagining development beyond aid and beyond the status quo.

As development finance contracts and multilateralism comes under attack, the Global South stands at a crossroads. One path leads towards marginalisation and dependence on bilateral bargains with more powerful actors. The other path – difficult but necessary – leads towards structural reform and a reassertion of development as a sovereign project. The scenarios outlined earlier demonstrate how different global trajectories can either constrain or expand the space for meaningful reform. In a fragmented world, cooperation risks being reduced to trans-

actional deals with limited developmental impact. But in a more coordinated or strategically sovereign scenario, development cooperation itself can be re-imagined – not as aid dependence, but as a tool for advancing fairer trade rules, regional integration and institutional reform.

This paper has argued that the moment demands a new approach to development cooperation: one that is about reshaping the global rules of trade, finance and investment. In the face of nationalist retrenchment, it is now more important than ever to keep the spotlight on building fair, inclusive and development-friendly global rules.

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Part III: Conclusions

15. Reclaiming cooperation: like-minded internationalism and the future of global development cooperation*

Len Ishmael, Stephan Klingebiel & Andy Sumner

Abstract

The global development landscape in 2025 is marked by deep fragmentation, a retreat from liberal multilateralism and rising geopolitical tensions. The withdrawal of the United States from the 2030 Agenda and its turn towards transactional foreign policy underscore a broader erosion of consensus-driven global governance. In response, this paper explores the concept of “like-minded internationalism” as a pragmatic and adaptive approach to reclaiming international cooperation. Rather than relying on universal multilateralism or hegemonic leadership, like-minded internationalism builds issue-based, pluralistic coalitions that are aligned by shared values and strategic goals. Through detailed case studies of UNITAID, a global health financing mechanism and the High Ambition Coalition for climate diplomacy, we illustrate how these alliances can sustain global action in times of systemic breakdown. These examples show how different actors are mobilising around common agendas through institutional innovation, narrative framing and political opportunity. The paper argues that like-minded internationalism is not a fallback, but a forward-looking strategy for advancing development cooperation amid global (dis)order. It offers a flexible, plural and norm-based framework to reconfigure collective action in a contested international system.

Introduction

The global development landscape in 2025 is increasingly characterised by fragmentation, contestation and the erosion of liberal multilateralism. The withdrawal of the United States from the 2030 Agenda and the Sustainable Development Goals under the second Trump administration marks a critical turning point. Traditional multilateralism, once anchored in consensus and shared norms, is under pressure from rising nationalism, multipolar competition and institutional fatigue. In this context, “like-minded internationalism” emerges as a pragmatic response to international disorder.

Rather than seeking universal consensus, like-minded internationalism emphasises coalitions of states and actors aligned by shared values, policy goals and strategic interests. These coalitions operate outside traditional hegemonic structures and instead build issue-specific, flexible alliances that maintain momentum on global challenges such as development, climate and public health. This paper explores the logic, examples and implications of like-minded internationalism as a viable alternative for global development cooperation.

A shifting world order

The liberal international order, established post-1945, was rooted in values such as open markets, rules-based cooperation and collective development. Institutions such as the United Nations, the International Monetary Fund and the World Bank reflected this vision, with support from US leadership. Over the last two decades, however, multiple crises – economic instability,

* This paper draws on Ishmael, Klingebiel and Sumner (2025).

the COVID-19 pandemic, Russia's invasion of Ukraine and rising geopolitical polarisation – have exposed the limits of this model.

China's economic rise and assertive diplomacy, alongside India's emergence and the growing influence of middle powers such as Brazil and South Africa, have created a more complex, multipolar world. Many Global South countries now pursue multi-alignment strategies, engaging with multiple actors to avoid dependency. Meanwhile, Western dominance is increasingly being questioned, and support for multilateral cooperation is waning, particularly in the United States.

The second Trump administration has adopted a transactional, power-centric foreign policy that is openly challenging multilateral frameworks and alliances. High tariffs, threats towards allies, and disregard for global norms have strained diplomatic ties and disrupted global value chains. This has spurred a recalibration among allies and adversaries alike, prompting the formation of new coalitions and trade partnerships that bypass the United States.

The current period also reflects a shift in power politics. Realist postures are replacing idealist traditions. Issues such as climate change, vaccine equity and debt relief face diminished prioritisation. Protectionism, friend-shoring and strategic decoupling have replaced liberal globalisation. As a result, soft power is eroding, and diplomatic space for shared global goals is shrinking.

In this global (dis)order – a state of overlapping order and disorder – traditional global governance mechanisms appear insufficient. The simultaneous erosion of multilateralism and the rise of alternative cooperation models have created a space for like-minded internationalism to take root.

Defining like-minded internationalism

Like-minded internationalism refers to issue-based alliances formed by actors with shared normative commitments and strategic goals. Unlike traditional multilateralism, these coalitions are not defined by universal participation or geographic proximity, but by convergence on specific policy objectives. As Elgström (2017) notes, like-mindedness is a historically fluid and context-dependent concept, rooted in shared norms, trust and expectations of policy coherence. It can be traced back to groupings such as the Nordic states in the 1970s and 1980s (Dolman, 1979; Hveem, 1980), and more recently, coalitions such as India–Brazil–South Africa (IBSA) (Husar, 2016).

Key features of like-minded internationalism include:

- Issue-based focus: Coalitions form around shared commitments to specific issues such as climate action and health equity.
- Institutional innovation: Flexibility in form and function, often using informal or hybrid governance mechanisms (Cooper & Shaw, 2009).
- Leadership without hegemony: Middle powers or vulnerable states often take the lead, avoiding dominance by a single actor (Taylor, 2009).
- Pluralistic participation: Involvement of Global North and South actors, civil society, philanthropy and international organisations (Haas, 1992).
- Strategic use of narratives and timing: Effective use of political windows, moral framing and scientific evidence to catalyse action (Shiffman & Smith, 2007).

This model of cooperation allows countries and non-state actors to continue advancing global goals in the absence of hegemonic support or universal consensus.

Case studies

UNITAID: innovation in global health financing

UNITAID was launched in 2006 by France and Brazil with support from Norway, Chile and the United Kingdom. The initiative emerged amid growing frustration with traditional aid mechanisms and widening global health inequalities. Its core innovation is a solidarity levy on airline tickets, generating predictable and sustainable funding for HIV/AIDS, malaria and tuberculosis programmes.

UNITAID operates under a unique governance model that includes Global South and North countries, civil society, the philanthropic sector and the World Health Organization. This pluralistic structure reflects its like-minded character and allows for strategic agility.

The early 2000s saw growing interest in innovative financing. UNITAID's founders seized this momentum, advocating for a fair, progressive model of international taxation. The levy – implemented in countries such as France – was modest but effective. UNITAID raised hundreds of millions annually, funding life-saving treatments globally. It demonstrated how global health financing could be decoupled from traditional aid models and driven by cross-regional solidarity (Atkinson, 2005; Clunies-Ross, 2004).

High Ambition Coalition: climate and environmental diplomacy

The High Ambition Coalition (HAC) originated in the lead-up to COP21 in 2015. Spearheaded by the Marshall Islands with support from Costa Rica, France and other states, HAC played a pivotal role in securing the 1.5°C target in the Paris Agreement. It operates as an informal, flexible grouping with evolving membership.

HAC has since expanded to sectors such as nature protection and plastic pollution. It remains driven by normative alignment, strategic diplomacy and moral narratives around planetary boundaries and intergenerational justice. The “mosquito fleet” diplomacy employed by its founders exemplifies small-state leadership in shaping global norms (Mathiesen & Harvey, 2015).

The coalition has inspired offshoots such as the Shipping HAC and HAC for Nature and People. These groupings combine scientific rigor, moral urgency and political agility. Their informal character allows them to bypass institutional inertia and forge faster paths to consensus among committed actors.

Politics of like-minded coalitions

Actors and networks: Both UNITAID and HAC emerged from transnational networks of state and non-state actors. In UNITAID's case, leadership by Jacques Chirac and Lula da Silva was critical. HAC was driven by the diplomatic entrepreneurship of Marshall Islands Foreign Minister Tony de Brum. Civil society and technical experts were central in both cases.

Context and timing: UNITAID capitalised on discontent with the status quo in global health and a desire for post-Iraq legitimacy. HAC leveraged the political urgency of climate science and the upcoming Paris Agreement. Strategic timing was key to both.

Narratives and evidence: UNITAID framed its tax as fair and necessary, targeting global inequalities. HAC emphasised existential risks for small islands, grounding its arguments in IPCC findings. Both used persuasive, morally resonant narratives to build momentum. UNITAID used the idea of redistributive justice; HAC invoked survival and climate equity.

Implications and conclusions

UNITAID and HAC demonstrate that like-minded coalitions can mobilise political will, institutional innovation and resources for global public goods. Their success rests on shared purpose, pluralistic structures and strategic pragmatism. They show that international cooperation can be re-imagined through non-universal, norm-driven alliances.

In today's fragmented order, such coalitions may become increasingly important. Whether in climate finance, digital governance or pandemic preparedness, like-minded internationalism offers a viable path forward. As traditional multilateralism falters, this approach can help safeguard global development goals through adaptive, value-based cooperation.

Future institutional efforts should prioritise agility, inclusivity and thematic alignment. The lessons of UNITAID and HAC suggest that coalitional legitimacy and resilience stem not from size or hierarchy, but from purpose-driven alignment and moral clarity.

As global governance continues to evolve, the promise of like-minded internationalism lies in its ability to reconfigure cooperation – across regions, sectors and actor types. It offers a pragmatic, hopeful path for collective action in a divided world.

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16. Navigating the tipping point: four futures for global development cooperation

Stephan Klingebiel & Andy Sumner

Abstract

The global system of development cooperation is in a state of flux. In this paper we discuss how and why the very foundations of international aid and development are being shaken by geopolitical shifts, contested norms and institutional upheaval. We argue that the crisis is not a mere cyclical downturn, nor is it only about money, but rather a fundamental reordering of the global development landscape. In short, a “tipping point” – in the sense of a dramatic moment when incremental changes coalesce into a transformative shift, for better or worse – is in the offing. We ask what might come next.

Introduction: a system under strain

The traditional architecture of development cooperation – built on the pillars of official development assistance (ODA), multilateralism and (somewhat) shared global values – is under severe strain. There have been some deep cuts in aid budgets from the United States and several European donors, alongside a pronounced shift towards nationalist and transactional approaches to development policy, especially so in the United States under the Trump administration’s “New Washington Dissensus” (Sumner & Klingebiel, 2025).

These changes are not isolated incidents; they reflect a broader crisis of legitimacy and consensus that has underpinned the global development system at least since the 1990s.

Historically, ODA was justified as a moral and strategic imperative: a shared global endeavour to promote growth, reduce poverty and deliver public goods through multilateral coordination. Today, these assumptions are being challenged on multiple fronts. Fiscal pressures, populist politics and the growing salience of domestic priorities have eroded elite and public support for international aid. In many donor countries, ODA is increasingly framed as being misaligned with national interests, or as a discretionary expense that can be cut.

The revenge of the tipping point

Malcolm Gladwell’s (2000) book *The Tipping Point* describes the moment when gradual, often unnoticed changes suddenly produce a dramatic transformation. In the context of global development cooperation, the incremental erosion of political support, the rise of alternative development actors and the retreat from multilateralism have combined to push the system past its tipping point. What was once a slow drift towards fragmentation has become a rupture.

We argue that this is not just a story of declining budgets. The crisis is qualitative as much as quantitative. The moral and global public good framing of ODA – so central to the Millennium Development Goals and early Sustainable Development Goals era – has been replaced by narratives of national interest, migration deterrence and economic diplomacy. Aid is increasingly seen as a tool for advancing foreign policy and economic goals, rather than as a means of supporting long-term development and global solidarity.

A multipolar, contested landscape

The diversification of development finance is another key driver of change. Many middle- and even low-income countries are no longer dependent on traditional OECD donors. Actors – for example China, the Gulf states and emerging development banks – offer alternative sources of finance, governance models and development priorities. For recipient countries, this means greater flexibility and bargaining power; for the global system, it means increased fragmentation and contestation over policy “norms”.

At the same time, economic progress in many regions has reduced aid dependency and created new expectations for reciprocal partnerships. The old donor–recipient hierarchy is giving way to more complex, multipolar relationships. Yet, as our paper notes, for the poorest countries, ODA remains essential.

Four futures for development cooperation

So what comes next? We outline four plausible futures for the global development cooperation system:

- i. **Renewed multilateralism:** A revitalised commitment to development as a global public good, with leadership from both the North and South.
- ii. **Diminished multilateralism:** Continued multilateral cooperation, but with weakened ambition and a focus on stability over transformation.
- iii. **Decentralised experimentation:** A more fragmented, experimental system driven by new actors and coalitions, offering flexibility but less coherence. This could include “likeminded internationalism” (Ishmael, Klingebiel, & Sumner, 2025).
- iv. **Bilateralism and instrumentalism:** A marked shift towards bilateral deals, ideological filtering and transactional aid.

Each scenario reflects a different configuration of values, institutions and political alignments. The brief calls for a reimagining of development cooperation that is politically feasible and institutionally resilient in a more pluralistic and divided world.

Conclusion: beyond the tipping point

The global development cooperation system has reached its tipping point – a moment when the accumulated pressures of geopolitics, norm contestation and institutional change demand a fundamental rethinking of purpose and practice. The challenge now is to rebuild legitimacy, restore multilateral credibility and navigate the new realities of a multipolar world. One way to do that would be the proposal for a new, independent North-South Commission in the spirit of the Brandt Commission (Sumner, Klingebiel, & Yusuf, 2025), which convened in a similarly turbulent time.

As Gladwell (2000) puts it, tipping points are not endpoints, but beginnings. The choices made in the coming years will determine whether the system fragments into irrelevance, or adapts to deliver on the promise of global development in a new era. This paper is thus a call to action for policymakers, practitioners and scholars to engage with this transformation – before the window for constructive change closes.

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