The Aid for Trade Charade

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Abstract:

Aid for Trade (AfT) has gained prominence as an innovative form of donor support in the ‘post’ Washington Consensus. AfT mechanisms have been praised as a means of aligning trade liberalisation deals (whether in the Doha Round or within bilaterals) to poverty reduction objectives. This article, through critical analysis of AfT discourse within the ‘moral economies’ of multilateral WTO and bilateral EU-ACP negotiations, points to the strategic purposes of donor language in rationalising asymmetric North-South trade systems. Moreover, it questions the ‘development’ credentials of AfT assistance by examining some of the ensuing private sector activities and the impact on the supposed beneficiaries, and the tying of AfT disbursements to the implementation of inappropriate policies.

Keywords: Aid for Trade, World Trade Organization, Economic Partnership Agreements, EU, ACP, Africa, moral economy, Doha Development Agenda.
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Introduction

Aid for Trade (AfT) has gained prominence in donor efforts to eradicate poverty in the global South. Aimed at supporting developing countries’ economic capacity through assistance to trade governance, the creation of enabling infrastructure and the facilitation of private sector development (PSD), AfT mechanisms are hailed as a means of levelling the economic playing field between donors and recipients. Moreover, AfT instruments are lauded as a means of enhancing the well-being of the poorest within developing societies – since increased trade will bring about livelihood creation and ‘trickle-down’ prosperity for vulnerable citizens. In short, AfT support is understood to facilitate low-income states’ successful integration into global free markets, making ‘globalisation work for the poor’ through job creation, and establishing a prosperous tax base conducive to wider social improvements (OECD 2007: 11; Orbie 2008: 47).

This espousal and dissemination of ‘pro-poor’ norms within AfT programmes, meanwhile, strongly aligns with donor attempts to enact a ‘post’-Washington Consensus in their approach to international development. As Weber (2010: 112), explains ‘the post-Washington Consensus has had an explicit poverty and development focus... [T]his normative refocusing... has justified enhanced efforts of policy coordination and policy harmonisation between key global institutions and actors’. In this context, and acknowledging the regressive consequences of donor-sponsored laissez-faire policies upon the social fabric of low-income states under structural adjustment programmes (SAPs), the donor community has promised to combine ‘second-generation’ liberalisation in developing countries with necessary transitional assistance (Easterly 2001: 21; Stiglitz and Charlton 2006: 3; OECD 2009: 1). AfT instruments are, accordingly, viewed as a means of bridging liberalisation to legitimising poverty reduction
objectives, providing the means through which developing countries can fairly compete in open markets. AfT mechanisms, in this vein, act as a bulwark of a moralised post-Washington Consensus, providing tangible evidence of donors’ willingness to ‘learn the lessons’ of the past and to lubricate developing countries’ ‘smooth and gradual’ entry into globalised markets (Langan 2011: 88).

Given the strategic function of AfT programmes in the ‘post’ Washington Consensus, it is necessary to critically evaluate AfT instruments and assess whether they are genuinely delivering a level-playing-field conducive to the well-being of ‘the poor’. In particular, it is necessary to explore the functions of AfT discourse in rationalising liberalisation agendas and in cementing ‘common sense’ understandings of the need for open markets in an era of globalisation (cf. Bieler and Morton 2004; Bruff 2009). In this task, it is relevant to contrast the strategic significance of AfT discourse with the material outcomes of AfT instruments for developing countries. Namely, it is illustrative to contrast the development narratives embodied within AfT programmes with the tangible implications of specific AfT assistance for improving local infrastructure, enhancing trade governance capacity, and for promoting PSD.

This article, accordingly, applies a critical moral economy perspective concerned with potential ‘normativity-outcomes gaps’ between the discourse of AfT mechanisms and their material impact (Sayer 2007; Polanyi 1959; E.P Thompson 1979; Gramsci 2007). It considers the role of AfT discourse in embedding pro-poor norms within North-South trade systems, imbuing these systems with apparent legitimacy. Drawing from the moral economy approach, the article then considers how moral norms may be overridden by geopolitical and/or commercial interests pursued by donor institutions. Specifically, the article provides an analysis of AfT discourse and interventions in relation to (i) the moral economy of WTO Doha Round negotiations, and (ii) the moral economy of EU bilateral trade relations with the African, Caribbean, and Pacific (ACP) countries. In both cases, the article examines the strategic functions of moralised AfT
narratives in furthering liberalisation within the auspices of the post-Washington Consensus, and the disjuncture between these narratives and material outcomes for ‘the poor’.

The article is structured as follows. The first section introduces a moral economy perspective and examines the relevance of this critical approach for an understanding of AfT programmes within the post-Washington Consensus. The second section then examines AfT instruments in the context of ongoing WTO negotiations for further liberalisation in North-South trade, with a focus on the Doha Development Agenda (DDA). Thereafter the third section considers the role of AfT mechanisms within ACP-EU relations with a focus on development discourses and Economic Partnership Agreements (EPAs). Finally, the conclusion recaps the lessons of a moral economy analysis of AfT measures amidst concerns surrounding the normativity-outcomes gap between discourse and material outcomes for ‘the poor’.

Moral Economy & the ‘post’ Washington Consensus

Moral political economy is an emerging sub-discipline within the broader field of political economy that examines how moral norms relating to the ‘rules’ of economic life often contrast, in regressive fashion, with actual economic outcomes in relation to human well-being/ill-being. Articulated by Andrew Sayer (2000; 2004; 2007) and drawing upon a longer critical tradition set by Antonio Gramsci, Karl Polanyi, and E.P. Thompson, moral political economy maintains that ‘economic activity presupposes the establishment of moral economic norms… even where, as in the case of capitalist property rights and the capitalist labour-relation, they [economic relations] are products of unequal power, there are generally attempts to legitimise them as just and fair’ (Sayer 2004: 5). Moreover, a moral economy approach seeks to discern possible normativity-outcomes gaps as ostensible norms are materially breached within operating ‘moral economies’; and to examine how asymmetrical economic relations may be insulated from reform due to the construction of ‘common sense’ understandings of how economic processes ought to function. In
this vein, a moral economy perspective offers a critical approach towards the study of economic life that seeks not merely to criticise injustices but to understand how they arise and how they are perpetuated within operating economic structures. A moral economy critique in this sense can be ‘distinguished from mere criticism by the fact that it tries not only to identify false beliefs and the practices they inform but why those false beliefs are held’ (Sayer 2009: 770). That is, its focus on the normative underpinnings of economic structures helps to unveil the ways in which moral discourses/norms may establish progressive images of economic exchange that downplay and obscure ‘real’ material consequences for human well-being (see Wiegratz 2010 for an application of this concerning Uganda’s post-1986 neo-liberal turn). Dominant ‘common sense’ understandings of economic processes and their ostensible ‘progressive’ outcomes may veil arising disjunctures between embedded norms and actual material effects.

As noted above, a moral economy perspective draws upon a number of critical traditions within broader political economy. Notably, a moral economy analysis owes intellectual debt to Antonio Gramsci’s examination of hegemony and ‘common sense’. As Gramsci explained in a Marxian framework, dominant groups (as the beneficiaries of exploitative modes of economic relations) do not merely maintain economic systems through material force. Instead, they secure economic structures through a blend of what, in contemporary academic parlance, might be termed hard, coercive power and soft, persuasive power. The exercise of hegemony on the part of dominant elites is thereby tied to ‘ethico-political’ struggles ‘characterised by the combination of force and consent’. This presupposes that the elite must take account ‘of the interests and the tendencies of the groups over which hegemony is to be exercised’ and that they must gain ascendance not only in the economic but also in the cultural sphere (Gramsci 2006: 85-86). In addition, it presupposes that ‘human social practice is... conditioned by the values, norms and beliefs, that comprise any conception of how to organise production’ (Bruff 2009: 346). In this context, Gramsci argues that an intellectual cadre plays a key hegemonic role by (re)inventing
moral legitimisations of the status quo as part of common sense understandings of how economic systems ought to function. Common sense, for Gramsci (2007: 419), is understood as ‘the “philosophy of non-philosophers”, or in other words the conception of the world which is uncritically absorbed by the various social and cultural environments in which the moral individuality of the average man [sic] is developed’. That is, it is understood as commonly held assumptions as to how the world does, and ought to, function according to dominant moral ‘truths’. In this construction of common sense, the ‘organic’ intellectuals (since they arise ‘organically’ from within dominant groups) co-opt ideas emanating from sources of dissent and act as ‘perpetual persuaders’ in the maintenance of the moral fabric of prevailing economic regimes (cf. Bruff 2009: 346-347). This cements common acceptance of the status quo and insulates dominant groups from opposition. Importantly, however, Gramsci’s focus on the power of ideas avoids the ontological ‘idealism’ that has been attributed to the treatment of ideas in social constructivist and post-structuralist frameworks. As Bieler and Morton (2008: 122) make clear, (neo)Gramscian analysis seeks to examine ‘the material structure of ideas’ in terms of the dialectic between ‘ideas and material social conditions’. Within a historical-materialist prism, it examines how certain values come to dominate, who seeks to propagate them, and for what political purposes (ibid). As such, the organic intellectuals’ construction of common sense is not treated in isolation but is contextualised and informed by a broader understanding of the material modes of production in which dominant groups become ascendant. A Gramscian perspective, accordingly, considers how ideational power interacts with, and responds to, material historical events (for instance, economic crises or, indeed, trade negotiations) as elites seek to manage ongoing consent. Ideas and material factors are in constant interplay, with the exercise of hegemony (allegedly) neither reduced to a crude social constructivism or to what Gramsci (2007: 233) termed an ‘iron economic determinism’.
Importantly, a moral economy approach also owes significant intellectual debt to the works of E.P Thompson and Karl Polanyi. E.P Thompson (again working within a Marxian framework) popularised academic usage of the term moral economy in his examination of English mass protests in the eighteenth century. Criticising historical analyses that represented popular uprisings as animalistic reactions propelled by hunger or rage, E.P Thompson (1971: 79) demonstrated how the English commons held ‘a consistent traditional view of social norms and obligations, of the proper economic functions of several parties within the community, which, taken together, can be said to constitute the moral economy of the poor’. Accordingly, when protest did erupt – for instance in opposition to grain hoarding – it did so from the crowd’s understandings that presupposed norms within the popular ‘moral economy’ had been unfairly infringed. Hence economic systems, for E.P. Thompson, were built upon ethical norms relating to fair-play between economic agents. When these norms were infringed by unscrupulous economic actors, then popular protest could emerge as part of attempts to restore the ‘moral economy’ (Thompson 1971: 71; 79). This analysis, meanwhile, was foreshadowed by Karl Polanyi’s examination of the historical ‘embedding’ of traditional economic systems in relation to social mores:

All economic systems known to us up to the end of feudalism in Western Europe were organised either on the principles of reciprocity or redistribution, or householding, or some combination, of the three. These principles were institutionalised with the help of a social organisation... [in which] the ordinary production and distribution of goods were secured through a great variety of individual motives disciplined by general principles of behaviour... custom, law, magic, and religion co-operated in inducing the individual to comply with rules of behaviour (Polanyi 1959: 54).
Polanyi argued, however, that the modern transformation of traditional economic systems into free market structures had witnessed the ascendancy of liberal elites who sought to ‘disembed’ markets from their traditional moral restraints. In response, opponents to laissez-faire capitalism, in what Polanyi termed the ‘double movement’, acted to (re)embed markets and to (re)align economic activity to overarching ethical standards.

It is within this critical intellectual tradition that Andrew Sayer has more recently articulated his moral economy perspective. Sayer (2007: 262) makes clear that his aim is to (similarly) study how ‘moral norms and sentiments... structure and influence economic processes... and [examine] the way in which these are reinforced, compromised or overridden by economic pressures’. He further states that:

‘Moral economy’ may sound like an oxymoron because economic behaviour is strongly associated with power and the pursuit of self-interest, and economic forces often act regardless of moral concern. Nevertheless, all economic institutions are founded on norms defining rights and responsibilities that have legitimations (whether reasonable or unreasonable), require some moral behaviour of actors, and generate effects that have ethical implications (Sayer 2007: 262).

With echoes of Gramsci, he further explains that ‘we can acknowledge the partial autonomy of market forces as real (real ‘abstractions’) while arguing that they can never completely escape their dependence on non-market and non-economic processes or aspects of social life’ (Sayer 2004: 3). In this context, his moral economy perspective examines how economic structures are instituted in relation to moral norms, how the sentiments of economic agents are shaped by ethics, and examines whether the material outcomes of economic activities align with ostensible normative drivers (Sayer 2007: 262-266).
Sayer’s moral economy approach, however, departs both from Polanyian analysis of embeddedness/disembeddedness as well as the ‘class reductivism’ of Marxian perspectives (1995: 185). While citing Polanyi’s work as an influential contribution to understandings of the historical contexts of market structures, Sayer (2004: 2-7), nevertheless, disputes the efficacy of the ‘embeddedness’ metaphor on two main grounds. First, he convincingly argues that the metaphor fails to capture the ways in which modern liberal elites do in fact seek to legitimise free markets in relation to social mores. Second, he claims that the Polanyian metaphor may lead to assumptions that moral sentiments are ‘externally’ constructed by society in a dichotomous relationship with ‘markets’ whereas, in reality, norms concerning legitimate economic activity are often ‘internally’ shaped by primary economic agents (2004: 2; 4).

In relation to Marxian frameworks, meanwhile, Sayer (1995: 185-188) persuasively argues against what he describes as an analytical ““class reductivism” in which [material] processes largely attributable to division of labour and modes of coordination are attributed to capitalist social relations of production’. He explains that the economic status of workers in capitalist society cannot be explained solely in terms of a ‘lack of ownership of the means of production’ since a variety of other factors, including technological change and consumer preference, impact upon their (in)security. Moreover, many of these variable economic factors – such as potential clashes of interest between the needs of producers and the needs of consumers – would (and did) exist in market-socialist models – hence they are not reducible to capitalist social relations of production. Combined with this, Sayer also makes clear that Marxian analysis often mistakenly attributes domination to the capitalist form of the state, rather than to the functions of the state itself:

The problems of state action in capitalist society do not derive only from the fact that it is a capitalist state – or indeed, a patriarchal or racist state; they also derive from the fact that it is a state. Whether capitalist or not, states inevitably have to
regulate, discipline, tax, and undertake surveillance of individuals, with good and bad effects (1995: 196).

Sayer also rightly recognises that Marxian analysis of domination often fails to fully consider non-class avenues of repression, for instance, those based on homophobia, racism, misogyny, and/or nationalism (Sayer 1995: 185-186). Thus while some parallels do exist between the work of Sayer on the one hand and the critical analysis of Antonio Gramsci and E.P Thompson on the other, nevertheless, his moral economy perspective is post-Marxian.

This is particularly important since Sayer’s critique is applicable to neo-Gramscianism. This school of analysis often falls into the ‘class reductivism’ that Sayer warns against. Huw Macartney (2008: 432), for example, in an attempt to anchor the neo-Gramscian school more firmly to orthodox Marxist analyses of material forces, argues that only in times of crisis do opportunities arise for organic intellectuals to meaningfully (re)work the conceptual basis of economic structures. At all other times, he maintains that capitalist systems function due to the ‘primacy of certain material phenomena’ (that is, the capitalist mode of production and the class dynamic). In this context, he explicitly refutes interpretations of Gramscianism in which ‘“ideas, institutions and material capabilities” are accorded equal weight… where both material forces and ideas are [assessed as] equally dominant’ (Macartney 2008: 432, emphasis in original). Such temptations to neglect the ideational aspects of economic systems and to instead default to a myopic class reductivism have often characterised Gramscian political economy due to its Marxian ontology.

It is important to note, however, that Sayer’s articulation of a moral economy approach does not sufficiently engage Gramsci’s conception of common sense in terms of the ongoing construction of consent, which is necessarily at the heart of a moral economy analysis; nor does he sufficiently consider how discourse analysis is tied to a moral economy critique. Indeed, a
moral economy perspective is inevitably bound to discourse analysis in order to consider how norms are (re)embedded within economic systems, and how common sense acceptance of economic structures is constructed. As Goodman (2004: 907) argues in his own moral economy analysis of the Fairtrade movement, norms are (re)created within ‘discursive fields’ in which common sense understandings of economic life are established. In this process, the narratives of economic actors serve to (re)embed norms within economic systems, imbuing them with legitimacy and facilitating public acceptance. A moral economy assessment of AfT mechanisms must therefore be attuned to the ways in which:

- the politics of (international) development is implicated in both a discourse and the practices that legitimate and reproduce certain core assumptions of global politics, which themselves render the conditions for the reproduction of specific constitutional features conducive to the organisation of capitalism on a global scale (Weber 2004: 189).

Moreover, qua Fairclough (1989: 37), it must reflect the fact that ‘discourse is the favoured vehicle of ideology, and therefore of control by consent’. Namely, that moralised AfT discourses, in their embedding of legitimising ‘pro-poor’ norms, may serve ideological purposes in the sense of bolstering dominant world-views and (moralised) common sense acceptance of the economic status quo.

In this context, it is illustrative to examine the role of AfT discourse in solidifying common sense understandings of the moral purposes of North-South trade in the ‘post’ Washington Consensus. Common sense here may apply not only to ‘external’ observers of economic systems in terms of the general public but, crucially, to ‘internal’ economic officials involved in the (re)creation of North-South trade regimes. Accordingly, it is useful to consider how donor institutions, notably the Organisation for Economic Co-operation and Development
OECD), have utilised AfT discourse in the creation of common sense imaginings (both internally and externally) of the need to pursue ‘pro-poor’ free trade strategies. Notably, the OECD has acted as one of the foremost ‘policy entrepreneurs’ for the promotion of AfT measures within the broader donor community:

Economic growth is the most powerful tool to reduce poverty. However, many low-income countries are still confronted by major obstacles in expanding and diversifying their trade, and trade reform and liberalisation have not always delivered the expected benefits in terms of trade expansion, growth and poverty reduction. Against this backdrop the international community has agreed to expand and improve aid for trade to help developing countries, particularly the least developed, build the supply-side capacity and trade-related infrastructure needed to expand their trade and to benefit from their integration into the world economy. Aid for trade has been designed as a tool to interlock aid and trade policies in pursuit of raised living standards and reduced poverty (OECD 2009: 1; emphasis added).

AfT measures are thus utilised here as a discursive ‘tool to interlock aid and trade policies’, and to establish common sense imaginings of free trade agendas as morally just endeavours aimed at ‘raised living standards and reduced poverty’ (ibid). Moreover, potential obstacles to developing countries’ integration into global markets are ostensibly remedied within such AfT discourse. This sits in strict alignment with the post-Washington Consensus and its ostensible movements away from laissez-faire policies pursued in the 1980s and early 1990s. What might be termed the ‘moral economy’ of the post-Washington Consensus is bolstered, with legitimating norms as to poverty reduction being embedded within free trade agendas.

Significantly, ‘pro-poor’ AfT discourse has been promoted by an array of additional donors. The UK Department for International Development (DfID), for instance, clearly links
AfT with poverty reduction and the transition to allegedly equitable free trade systems: ‘at its core, Aid for Trade… is about the faster and cheaper movement of goods and about creating opportunities for developing countries to grow and develop through trade… The UK’s Aid for Trade Strategy will also help to ease the costs of adjustment to a more open trading system’ (DfID 2009, emphasis added). This discursive theme is repeated by the International Monetary Fund (IMF): ‘[AfT aims] to help developing countries address supply-side bottlenecks and boost their capacity to take advantage of expanded trade opportunities. Aid for trade can be an important complement to trade reform and global market opening’ (IMF 2007, emphasis added). It is in the communications of the WTO Director-General, Pascal Lamy, however, that the dual strategic purpose of AfT discourse in the construction of common sense acceptance of ‘pro-poor’ free markets becomes most clear. Lamy stresses that AfT measures must not solely be seen in relation to poverty reduction efforts but must be contextualised in terms of necessary trade liberalisation:

We need to listen to the development community and make the case why trade is important for economic growth. We can do a better job of explaining why Aid for Trade can support broader policy objectives like poverty alleviation, social welfare, food security, gender empowerment, climate change adaptation, energy generation and sustainable development … [In making the case for Aid for Trade, we are really making the argument for the multilateral trading system. Aid for Trade is all about logging onto this world-wide trading system] (quoted in WTO 2011, emphasis added).

Within such narratives, AfT measures once more reinforce post-Washington Consensus imaginings that free trade structures will work for ‘the poor’. A broader moral economy is thereby reinforced, creating common sense images of ‘poverty alleviation, social welfare, food security’ – to name but few – for both external (public) and internal (official) consumption. This
internally cements officials’ willingness to actively pursue free market reforms while externally insulating market-opening agendas from potential public criticism and protest.

Within this context, this article provides a moral economy analysis of AfT programmes in the cases of the WTO’s DDA and ACP-EU trade ties. It examines the role of AfT discourse in constructing these ‘moral economies’ and in creating common sense acceptance of liberalisation endeavours. Moreover, it considers normativity-outcomes gaps in relation to disjunctures between ‘pro-poor’ norms and material outcomes.

**Aid for Trade in the WTO: Putting ‘Development’ into the DDA**

This section examines the emergence of AfT in the WTO and its discursive functions in relation to the construction of common sense imaginings of ‘pro-poor’ trade reform within the moral economy of the DDA. It then argues that this is highly problematic in relation to actual material outcomes for low-income states for two reasons: first, through its role in legitimising a flawed DDA package and encouraging developing countries’ (unwise) acquiescence; and second, in shifting attention away from the flawed rules and adverse structures of the global trade system that perpetuate unequal development. Aid for trade thereby becomes a means of legitimating entrenched power relations via the construction of common sense acceptance of ‘pro-poor’ liberalisation within the context of the WTO.

AfT has been an element of the WTO since its creation (see Ismail 2008). It was a component of the Uruguay Round of negotiations, which promised developing countries financial assistance for implementation costs. It thereafter became an implicit element of the DDA from the outset, with the Doha Ministerial Declaration urging donors to ‘significantly increase contributions to the … trust funds in favour of LDCs’ (WTO 2001: paragraph 43). Initially, however, this call was left unheeded and AfT maintained a relatively low profile within DDA processes. That situation changed dramatically around the 2005 Hong Kong Ministerial
Meeting, when the politics of the negotiation process thrust AfT and its ‘pro-poor’ discourse to the fore. The WTO vigorously sought a positive outcome to this Hong Kong Ministerial due to the collapse of the previous Ministerial Meeting (held in Cancun, 2003) (Wilkinson 2006). With no improved offers being made by the EU and US, particularly in the critical area of agriculture, yet with a strategic need for developed countries to offer something positive to developing states’ aspirations in the DDA, AfT emerged to enhance the ‘pro-poor’ credentials of the trade round. Committing to reducing agricultural subsidies had proved politically impossible, but moralised statements on an AfT package provided a strategic means of constructing continued support for trade liberalisation as being conducive to poverty reduction and fair North-South relations.

From the outset, therefore, AfT was strategically linked to the construction of consent (both in terms of public and official attitudes) in the DDA negotiations. In this context, developed counties began (ostensibly) to allocate funds to AfT initiatives. Japan pledged $10 billion (much of it funds already pledged) over three years in AfT for LDCs as part of a ‘development initiative’, but, crucially, stated that this was ‘to encourage developing countries to sit down and start talks’ (quoted in Oxfam 2005: 9). The EU, in similar terms, announced an increase of AfT spending to €3 billion by 2010. Meanwhile, the US pledged that it would double its annual aid for trade spending to $2.7 billion, but this was made explicitly conditional on ‘market access expansion and the elimination of trade-distorting subsidies’ by developing countries via their continued participation in the DDA (quoted in Bridges Daily Update 2005). Hence, as AfT embedded legitimating norms as part of the construction of common sense consent in the DDA negotiations, it was simultaneously linked by the major donors to their own trade concerns – an exchange of AfT financing for new market access into developing country markets.

It is clear then that AfT has been utilised as a means of bolstering common sense perceptions of the benefits of ‘development-friendly’ market opening, and leveraging developing
countries’ consent to problematic DDA negotiations. Deliberately excluded from the agenda, meanwhile, are alternative, more interventionist trade and industrialisation strategies pursued by the European states and the US, and more recently by the countries of East Asia, during their own periods of industrialisation (Wade 1990; Chang 2002; Storm and Naastepad 2005). As Clive George notes,

the dramatic reductions in poverty that have been achieved in South-East Asia and now China have come from releasing the potential of small farmers not from large commercial exporters. The aid for trade agenda has little to say about small-scale farms. It has a lot to say about increasing the productivity of large exporting ones, and, by inference, their incentives to take productive land from small ones. It has little or nothing to say about assistance for the non-commercial agricultural research and extension schemes that played such an important role in South-East Asia and China (George 2010: 131).

Far from obtaining moralised goals associated with fair North-South relations and wide scale poverty reduction, donor AfT instruments conflate increasing trade for achieving development. This illustrates the profoundly problematic nature of AfT discourse being utilised to construct common sense acceptance of WTO trade reforms that will have severely regressive consequences for ‘the poor’ (see Scott and Wilkinson 2011). Trade deals negotiated in a context of large power inequalities inevitably create asymmetric outcomes. These unequal deals further entrench structural inequalities in the trade system. The very real risk is that developing countries are compelled to liberalise within the moral economy of the DDA negotiations, acquiescing to the continued structural inequalities of the global trade system in return for limited pledges of increased aid.
Moreover, the AfT agenda studiously avoids the issue of structural inequalities. AfT is premised on the need to integrate developing countries further into the global trade system and finds the causes of their adverse integration to be found in domestic constraints. In this way, it establishes the moral economy of the DDA, linking its free trade objectives to common sense ‘pro-poor’ objectives. In reality, however, many developing countries, including many LDCs, are highly integrated into the trade system already – notwithstanding AfT and the DDA. Sub-Saharan Africa as a whole has a higher trade to GDP ratio than the US and the EU, and the same as that of Japan.\(^1\) More importantly, the way in which the moralised discourse surrounding AfT identifies the lack of benefits developing countries accrue despite this trade integration as being due to domestic infrastructural and trade capacity constraints serves to divert attention from other factors, for example the WTO’s flawed negotiating rules. WTO negotiations are highly exclusionary, with the most important negotiations taking place between a select group of the most powerful countries (see, for example, Jawara and Kwa 2004). Though AfT supposedly plays an important role in increasing the capacity of many poor countries to formulate trade policy and to redress supply-side constraints, this will do little to help them in bringing about more favourable WTO agreements when they are excluded from the core negotiating forums.

Second, AfT objectives to provide assistance to developing countries to implement their WTO obligations is of questionable benefit when those obligations are frequently inappropriate and deleterious to their development. For example, for many countries TRIPs imposes levels of intellectual property protection that are inappropriate to their levels of development (Wade 2003) and fail to reflect their intellectual property priorities (Finger and Schuler 2000). Similarly, TRIMs cuts out the opportunities to use key elements of the investment strategies used by, among others, the Asian tigers, such as requirements on foreign direct investment for local content,\(^1\) Authors’ calculations, using data from IMF Direction of Trade Statistics, IMF World Economic Outlook and WTO Trade Profiles.
exports and technology sharing (Rodrik 2004: 32-35; Wade 2003). Assisting developing countries to understand and implement the obligations of such agreements through trade related assistance – a core element of AfT – does nothing to address the inequities of the rules themselves.

To summarise, AfT discourse has played a strategic role in the construction of common sense acceptance of trade liberalisation within the DDA in alignment with the broader auspices of the post-Washington Consensus. Applying a moral economy perspective, it is clear that ‘the economic cannot be understood in abstraction from the social and the cultural’ (Sayer 2004: 2). WTO negotiations are not constructed solely in terms of material interests but are shaped by ideational and moral concerns relating to poverty reduction and fair treatment of the global South. In this process, the pursuit of second-generation liberalisation in low-income states is legitimised to both ‘internal’ economic actors (trade officials from the global North and South) and ‘external’ observers (the public) as a natural process aimed at making globalisation work for the poor. Rich nations within the WTO utilise AfT discourse to adapt the ‘morality of the broadest popular masses to the necessities of the continuous development of the economic apparatus of production’ (Gramsci 2007: 241). That is, officials from the global North manipulate and (re)create legitimising conceptions of morally just liberalisation via AfT narratives that appeal to popular sentiments concerning poverty alleviation. This is in spite of the materially regressive consequences of premature liberalisation for developing countries. The pursuit of (unjust) trade liberalisation is ‘characterised by the combination of force and consent... the attempt is always made to ensure that force will appear to be based on the consent of the majority’ (Gramsci 2006: 86).

Aid for Trade and ACP-EU relations: Putting ‘Partnership’ into EPAs

AfT has also played a highly influential role in legitimising premature trade liberalisation within bilateral ACP-EU ties. AfT discourse has rationalised the European Commission’s pursuit
of far-reaching trade liberalisation within ACP economies as an equitable ‘development’ enterprise in keeping with the needs of ‘the poor’. Specifically, AfT mechanisms enable the European Commission to present the shift from ‘non-reciprocal’, preferential trade under the expired ACP-EU Lomé Conventions (1975-2000) to ‘reciprocal’ free trade via Economic Partnership Agreements (EPAs) as ‘pro-poor’. Downplaying the extent of African states’ prior ‘integration’ via earlier SAPs, AfT instruments become a means of constructing common sense images of EPA liberalisation as being conducive to poverty reduction and to an egalitarian ACP-EU partnership.

The European Commission’s strategic focus on AfT dates to the negotiations for the Cotonou Agreement in the late 1990s. ACP countries, fearful of the implications of reciprocal trade liberalisation for poorer communities already adversely affected by SAPs, received assurances from European negotiators that EU contributions to private sector development (PSD) would ensure their successful participation in ‘globalised’ markets. Prominently, the European Commission’s (1998), *A European Strategy for Private Sector Development in ACP Countries*, made clear that assistance would be directed towards resolving ACP countries’ supply-side constraints and improving their trade capacity. This would be enacted ‘with a view to reducing their [ACP states’] poverty and increasing their competitiveness and participation in the world economy’ (European Commission 1998: 3).

PSD narratives, in this context, downplayed ACP countries’ concerns as to the social impact of market-opening and sought to construct common sense notions of pro-poor trade liberalisation. Notably, in demonstration of widespread common sense understandings, the ACP-EU Joint Parliamentary Assembly (2003) stated that ‘the private sector is the main source of employment in ACP countries… by targeting this important economic sector the ACP Group and the European Union seek to fight poverty by improving income distribution and reducing social exclusion’. The Assembly continued, ‘trade liberalisation by itself will not lead to
development of the ACP States… if such a process is not carried out taking into consideration the specific needs and limitations of the ACP productive sector it could lead to greater social exclusion and distress’ (ACP-EU Joint Parliamentary Assembly 2003). ACP policy elites themselves thereby contributed to emerging common sense moral narratives that Europe’s PSD support would make reciprocal trade work for the poorest within former colonies. PSD discourse thus helped to construct both internal/official and external/public consent for the pursuit of second-generation trade liberalisation under the auspices of the Cotonou Agreement.

Significantly, however, PSD mechanisms soon became merged within broader AfT pledges as the European Commission updated its policy communications in light of the WTO Hong Kong Ministerial in 2005. PSD support became articulated in relation to wider AfT measures including support to ACP trade ministries, the construction of enabling infrastructure, and the provision of educational meetings (relating to the likely impact of EPAs) for ACP civil society and private sector personnel. AfT was firmly promoted by the European Commission in its Contribution to an EU Aid for Trade Strategy: ‘Aid for Trade can help developing countries to take advantage of new market access by assisting them with the implementation of new [reciprocal] trade rules; strengthening their supply side capacity; and, where necessary, helping them to deal with adjustment challenges resulting from a changing external trade environment’ (European Commission 2007: 2). This AfT discourse was imbued with legitimating norms concerning poverty reduction, the prevention of ‘social distress’ or ‘social exclusion’, as well as balanced trade negotiations. In this manner, the moral economy of ACP-EU trade ties was reupholstered, reassuring ACP governments via the construction of common sense images of pro-poor liberalisation.

Nevertheless, there is clear evidence of a normativity-outcomes gap in relation to the material implications of Europe’s AfT agenda for vulnerable citizens within ACP societies. Not only has AfT discourse worked to rationalise the European Commission’s pursuit of EPAs –
trade deals that will have highly regressive consequences for poorer agricultural producers and nascent manufacturing industries – but the material operation of AfT instruments has not largely produced ‘pro-poor’ outcomes.²

At first sight, Europe’s contributions to AfT appear capable of reducing poverty on a wide-scale in former colonies. The European Community delivered over $4 bn in AfT in 2009 (OECD and WTO 2011: 53) with around half going to ACP countries (European Commission 2009: 26). When AfT contributions are considered more closely, however, the development credentials of these moralised instruments come under significant doubt. For instance, a significant proportion of total AfT allocations is directed towards ‘infrastructural’ projects, primarily road-building in former colonies, often via government-to-government transfers (budget support). While such disbursements are presented as benevolent contributions to enabling infrastructure, there are pressing concerns as to the implications of such assistance for poverty reduction. Notably, there are concerns that European monies to road-building are merely a form of ‘boomerang-aid’ – subsidising European firms rather than eliminating poverty (c.f. Eurodad 2011). In Uganda, for example, where EU road building assistance currently amounts to approximately €155 million, there have been serious complaints from both the Government of Uganda (GoU) and domestic civil society as to the creation of what President Museveni deems ‘third-world roads’ by European construction firms (Langan 2009: 437). For instance, serious complaints have been raised as to standards and project delays in relation to the Kampala Northern Bypass, a project which the Ugandan Observer (2008) notes has been partially designed by French firm BCEOM, undertaken by Italian construction firm Salini Constructori Spat, and

² It is not within the remit of this article to provide detailed quantitative assessment of the regressive impact of EPAs upon ACP economies. Analysis of the likely negative impact of EPAs can be found within a broad, and convincing, technical literature including Christian Aid (2006); Milner (2006); Traidercraft (2004); Stevens and Kennan (2005); and Busse et al. (2007).
ultimately reviewed by British company TRL. This prominent highway project has heavily
criticised for extensive delays and for its poor quality construction due in part to the alleged usage
of sub-standard materials (Observer 2008). Thus while European firms received a significant
proportion of allocated ‘AfT’ road-building monies in this Ugandan case, the material outcomes
of the project for poorer producers and workers remains in significant doubt.

Moreover, when the geographies of EU-funded road construction projects are considered
it becomes clear that ‘the EU operates with an air of commercial interests’ (Fiott 2010: 10). For
instance, in Kenya road-building is concentrated towards connecting agricultural producers to the
ports, and hence securing around €596 million worth of food imports emanating from Kenya to
European consumers per annum (Fiott 2010: 10). This sits awkwardly with the fact that Kenya is
considered to be a net food importing country (WTO 2012).

Furthermore, one of the major institutions entrusted with fulfilling the EU’s AfT
mandate in Africa, the European Investment Bank (EIB), has been regularly criticised for
supporting private sector initiatives that have dubious outcomes for pro-poor development,
undermining both social and environmental well-being in Africa in stark contrast to common
sense imaginings of morally just ACP-EU ties. Notably, its concentration of resources in mining
projects in ACP countries such as Zambia and the Democratic Republic of the Congo (DRC)
support large-scale extractive activities, meeting the needs of European energy consumers but
exploiting vulnerable ACP citizens in terms of low-wages, poor labour standards, and
environmental degradation. EIB loans of around €100 million to private sector operations in the
Tenke Fungurume Mine in the DRC, for example, have been seen to transgress norms
concerning poverty reduction. Mining operations in the area have led to hardship for both
residents and poorer workers. As Counter Balance, a coalition of concerned non-governmental
organisations (NGOs), explains:
People have been displaced without being resettled. They have had to live under tents for months until deciding to leave the area. The wages for workers in the mine are very low, overtime is not paid, and most workers are not declared to the administration. Some social projects have been implemented - including renovation of schools and wells, but these are token and inadequate (Counter Balance 2010: 10. See also IPS 2008).

Accordingly, there is much scepticism surrounding the role of the EIB in promoting ‘pro-poor’ AfT. The EIB’s interventions appear to subsidise the commercial operations of European mining firms, while increasing EIB resources through ‘revolving funds’ whereby the EIB seeks profitable interest on the loans that it provides to African projects. Smaller stakeholders such as local residents forced off agricultural lands, or workers paid low wages in hazardous working conditions, do not appear to benefit as claimed by the common sense imaginings established within AfT discourse and the broader moral economy of ACP-EU ties.

Moreover, while vast resources are channelled towards developmentally dubious mining operations or costly road-building projects carried out by (predominantly) European firms, there appears to be a dearth of EU AfT resources available for small and medium sized enterprises (SMEs) run by ACP citizens themselves. The EIB investment fund enjoys funds of over €2 billion for large scale investments, whereas the ACP-EU Centre for the Development of Enterprise (CDE) – originally established to improve the competitive muscle of ACP industry – made do with only €90 million from 2000-2007 (Langan 2009: 423). Clearly, disbursements to multinational contractors as per EIB operations are being favoured over support to smaller ACP firms.

As this evidence shows, the role of EU AfT mechanisms in delivering ‘pro-poor’ outcomes in ACP states is dubious. Whilst the European Commission’s AfT discourse works to
cement common sense understandings of free trade regimes working to the benefit of poorer ACP citizens (and hence to build consent for EPAs), the tangible implications of AfT interventions appear to do little to secure pro-poor development. As Sayer states, ‘a moral economy approach can strengthen the standpoints from which economic life can be criticised by drawing attention to the ways in which it induces and involves unjust or unethical behaviour, institutions and outcomes and restricts [human] flourishing’ (Sayer 2007: 269). In the case of the moral economy of ACP-EU ties, AfT discourse cements common sense acceptance of premature trade liberalisation as ‘pro-poor’, despite the unjust material consequences of premature market-opening combined to unethical European corporate interventions.

**Conclusion**

This article has considered the value of a moral economy perspective in the critical assessment of Aid for Trade programmes in the ‘post’ Washington Consensus. Engaging the work of Andrew Sayer within a broader intellectual tradition set by Antonio Gramsci, Karl Polanyi, and E.P. Thompson, it has examined how markets are instituted in relation to moral norms concerning just forms of economic relations. Accordingly, it has argued that ‘economic activity presupposes the establishment of moral economic norms… [E]ven where… [economic relations] are products of unequal power, there are generally attempts to legitimise them as just and fair’ (Sayer 2004: 5). Moreover, the article has argued that it is necessary for ‘critical’ approaches to political economy to critique these instituted ‘moral economies’ in terms of potential disjunctures between ostensible normative drivers and actual material outcomes. It has also pointed to the need to understand, *qua* Gramsci, how ‘common sense’ understandings of the (ostensible) moral nature of economic processes are discursively constructed, and how dominant moral discourses may insulate exploitative systems from necessary reform.
In the context of both WTO DDA negotiations and ACP-EU trade ties, the article has examined how donors have constructed common sense consent to ‘pro-poor’ trade liberalisation through the utilisation of AfT discourse. Ostensibly recognising the limitations of past liberalisation agendas under SAPs and establishing a more level playing field between donor and recipients, AfT narratives act within the ‘moral economies’ of WTO and ACP-EU trade negotiations to present market-opening agendas as ‘pro-poor’. In the words of WTO Director-General, Pascal Lamy, AfT is about ‘poverty alleviation, social welfare, food security, gender empowerment, climate change adaptation, energy generation and sustainable development’ (quoted in WTO 2011).

Crucially, however, the article has pointed to emergent normativity-outcomes gaps between AfT discourse and its implications for ‘the poor’. While common sense understandings of morally legitimate market-opening agendas have bolstered internal (official) and external (public) support for liberalisation, nevertheless, professed norms have been materially overridden by the commercial and geopolitical interests of the donor community. Notably, in the case of the DDA, AfT discourse has worked to dissipate developing countries’ fears as to the impact of liberalisation. Commitments of AfT enabled the DDA to be presented as an equitable forum for the achievement of ‘win-win’ trade liberalisation and as a ‘development’ enterprise. However, poverty eradication does not seem to be forthcoming. Instead, unjust trade regimes are solidified and alternative development strategies are marginalised.

Similarly, in the case of ACP-EU negotiations for EPAs, AfT discourse has played a crucial part in presenting the shift from non-reciprocal to ‘reciprocal’ trade as a beneficial shift towards a more balanced relationship between the EU and former colonies. Claiming to address ACP countries’ concerns as to their competitiveness within liberalised markets, AfT instruments reupholster the moral economy of ACP-EU relations and promote pro-poor images of EPAs. However, the development credentials of AfT measures implemented by the EU are doubtful.
AfT measures help to establish common sense imaginings of ‘pro-poor’ EPA market-opening, but serve to lock-in conditions of poverty and to amplify ACP countries’ unequal status in their economic relations with the EU.

The moral economy framework adopted in this article facilitates critical evaluation of AfT programmes in the ‘post’-Washington Consensus. AfT discourse cements common sense imaginings of ‘pro-poor’ free trade within the instituted ‘moral economies’ of DDA negotiations and ACP-EU trade relations. It presents market-opening as conducive to poverty elimination and to egalitarian North-South relations. Paradoxically, however, AfT instruments stabilise asymmetric economic structures that are detrimental to the needs of ‘the poor’ in developing countries. Rather than redress inequalities in North-South trade linkages, AfT frameworks rationalise the pursuit of second-generation liberalisation measures – the completion of which will jeopardise the standing of weaker manufacturers and poor workers in developing states. Moreover, AfT instruments are all too often captured by corporate interests, failing to deliver poverty reduction or economic development. Most importantly, by establishing common sense acceptance of the need for trade liberalisation in an era of ‘globalisation’, AfT initiatives help to close down policy space for more interventionist trade policies in the global South – policies that would likely do more to promote the economic interests of ‘the poor’ within international markets. Accordingly, it is necessary for policy-makers both within developed states and developing countries to become more reflexive as to the strategic purposes of AfT instruments. Attention to disjunctures between the normative discourse of Aid for Trade instruments and their tangible implications may help to re-open policy imaginations to alternative economic strategies.
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