Introduction

Europe’s relations with the African, Caribbean and Pacific (ACP) states, from Association between the Common Market and then colonies in the 1950s, to the negotiation of ‘pro-poor’ free trade arrangements under the ACP-EU Cotonou Agreement (2000-2020), has intrigued those wishing to ascertain whether historical inequalities have been mitigated by this North-South endeavour.¹ A theoretical literature focused on the nature of the partnership has thus evolved, examining whether ACP-EU ties represent a break from the exploitation of the colonial past or whether, conversely, Association perpetuates European dominance over (predominantly) African countries.²

This article argues that moral political economy possesses much potential for the latter critical analysis of ACP-EU ties, particularly for an examination of the ‘development’ activities of the European Investment Bank (EIB). With a constructivist focus upon the discursive embedding of development norms in the institutionalisation of economic relations, a moral political economy standpoint may assess the normative underpinnings of the bilateral endeavour. It can consider the ethical objectives that have imbued Europe’s trade linkages with former colonies with a degree of legitimacy in the international arena.³ It can also draw attention to the ways in which normative discourse has worked to cement EU policy actors’ own commitment to the development of the partnership, establishing a normative framework that propels the ongoing reinvention of Association. In so doing it can explore both the internal (EU policy-makers) and external (European public and/or international officials) audiences for moralised discourses.

Perhaps most importantly, a moral economy perspective is further understood as a means of contrasting norms with the observable implications of trade and development regimes for those whom they are supposedly designed to serve, namely ‘the poor’. A moral economy lens, having identified embedded norms, may highlight ways in which the systemic

¹ The ACP grouping came into existence upon the signing of the first Lome’ Convention in 1975 which included former British colonies (in response of the UK’s entry into the Common Market) into ‘Association’ – in addition to existing ‘Associates’ in Francophone Africa. Prior to 1975, the former colonies tied to the EEC within trade and development co-operation were known as the Associated African States and Madagascar (AASM). However, the term ACP is mostly used throughout this article to avoid confusion, or else simply ‘Africa-EEC’ Association when referring to events prior to the Maastricht Treaty in 1992.
² This can be contrasted with the ‘technical’ literature focused on the quantitative evaluation of trade flows, aid revenues, tariff changes, amongst other empirical data (Brown 2002: 4).
operation of the partnership may in fact lead to outcomes that wholly negate intended ethical objectives. It can consider how norms, conveyed and disseminated within Europe’s development discourse, sit in uncomfortable relation to colonial patterns of trade and conditions of chronic poverty. Narratives of pro-poor development, in this context, can be seen to entrench asymmetric economic ties between the partners via the construction of idealised notions of how ACP-EU relations ought to function. Normative idealisations obscure the ways in which the EU’s exercise of power over former colonies regularly constricts their opportunity for economic and social advancement. As will be argued, this allows a moral economy approach to closely examine the interplay of ideas, material forces and institutions in the perpetuation of asymmetric ACP-EU ties, thereby contributing to critical studies of the ‘partnership’.

The article first considers the treatment of power politics between the ‘partners’ within the theoretical literature to contextualise the later exploration of moral political economy. Thereafter, the article explores the potential of a moral economy standpoint as an innovative lens for the critical assessment of ACP-EU power politics. A moral economy perspective is seen to draw attention to ways in which Europe’s idealised discourse strategically obscures the implications of its external trade arrangements for ‘the poor’. Finally, the article examines EIB interventions as an exemplar of rupture between norms/narratives and the implications of EU policies for those who nominally benefit.

Power politics & ACP-EU ties

Europe’s trade and development co-operation with ACP countries has received regular attention from those wishing to discern whether this ‘unique’ model of North-South relations has redressed historical injustices. Interestingly, the emergent theoretical literature has evolved in dialectics with the discourse of European policy-makers themselves. Since the birth of ‘Eurafrican’ Association in the Treaty of Rome in 1957, European grandees have spoken in grand terms of correcting the mistakes of the colonial past. The First General Report of the European Commission in the 1950s, for instance, summarised the moral intent of the EEC towards the Associates:

---

5 M. Langan 'Normative Power Europe', pp.243-246
6 c.f. N. Fairclough, 'Critical Discourse Analysis', *Marges Linguistiques*, 9, p.76
The six signatory Governments recognized during the Treaty [of Rome] negotiations that those Member States… would be ignoring their responsibilities if these countries and territories [that is, colonies] were deprived of the chances of increased prosperity and well-being offered by the establishment of the Community…The Member States have thus shown that they are aware of the duty of solidarity with less advanced countries in process of development, a duty now accepted by the highly industrialized nations.8

The theoretical literature in negotiation (and often in tension) with such moral development discourse has sought to discern whether or not Europe has promoted the well-being of the Associates through fair economic exchange and overseas aid. In so doing, it has focussed upon questions of power between the ‘partners’.9

The theoretical literature has, accordingly, evolved around two broad schools of thought - one largely concuring with the EU’s institutional analysis, the other diverging from official development representations.10 To take this first body of work – what has been described as the liberal institutionalist school11 - proponents of Europe’s engagement with former colonies have discerned a movement towards greater equality.12 Early contributors such as Rivkin, for example, examined the benefits accruing to Africa from its shift from the ‘diplomatic backwaters’ to a central position in European policy amidst calls for independence and the Cold War.13 In the 1960s, meanwhile, Van der Lee found that Europe’s engagement with former colonies was a ‘valuable form of technical and economic cooperation’ between states that possessed a ‘destiny’ to maintain mutually beneficial relations.14 In such contexts, significant parallels emerged between the language of EU policy-makers and liberal institutionalists, particularly in terms of the apparent fundamental

---

8 S. Kawasaki, Origins of the Concept of 'Eurafrican Community' (Tokyo: Tokyo Kasei, 2000), p.27. emphasis added
10 It is relevant to note that there are a select number of articles that could be placed within a ‘realist’ tradition, notably Farrell (2005) in her critique of the shift from Lome’’s alleged ‘idealism’ to Cotonou’s alleged ‘realism’, as well as authors such as Lister (1997). This ‘realist’ tradition is marked by a generally pessimistic outlook vis-à-vis Europe’s ability to enact normative development agendas. Nevertheless, this realist element within the historical theoretical literature is eclipsed by the critical and liberal institutionalist schools.
11 Mahler (1994: 245) provides a useful definition of this ‘liberal institutionalist’ school qua Ruggie and Krasner. He explains that liberal institutionalism ‘emphasizes the key role transnational institutions can play in increasing the level of information available to national actors and reducing the transaction costs of their external relationships, creating in them a stake in international cooperation that outweighs their short-term selfish interest’.
14 J. Van der Lee, 'Association Relations Between the European Economic Community and African States', African Affairs, 66:264 (1967)
values conducive to the progressive character of Africa-Europe affairs. These have been identified by the Commission, and examined by liberal institutionalists, as ‘interdependence, mutual interest, respect for each other’s sovereignty, and equality between the partners’.  

This discursive alignment became especially apparent in the 1970s as liberal institutionalists examined the ostensible interdependence of the partners. Zartman, in an influential contribution, assessed trade negotiations between the ‘strong’ and the ‘weak’ under the Africa-EEC Yaounde’ Conventions (1963-1975). He argued that African countries could exercise influence through strategies of negotiation - including the ability to ‘provoke an encounter’ with EEC states. Rather than be subsumed by European commerce, Zartman found that ‘the weak can win a good deal, not necessarily in comparison with their endless growing needs, but in more relevant comparison – with what other rich states were doing, or with what the weak states had before’. Zartman thus broadly concurred with the views of a Franco-African negotiator that ‘the new Convention should now give rise to a real economic solidarity between the African states and the EEC’.

Gruhn, in another notable contribution, characterised ACP-EEC relations as ‘inchng towards interdependence’. She found that the ACP-EEC Lome’ Conventions (1975-2000) reflected a movement towards greater equality due to the EEC’s acceptance of the principle of non-reciprocity in trade. This referred to the fact that the EEC granted continuing low-tariff access for certain ACP goods entering into the Common Market without stipulating that the Associates liberalise their own tariffs in return. This stood in contrast to the reciprocal terms of the earlier Yaounde’ Conventions and signified for Gruhn that the EEC was capable of recognising ‘pre-existing inequalities’ between the partners.

In stark contrast to liberal institutionalist accounts, however, a critical tradition evolved to challenge sanitised accounts of Europe’s engagement with former colonies.

---

17 Zartman is identified with ‘negotiation theory’ which seeks to move beyond realist conceptions of power as material resource in order to consider relations of power. Given his favourable evaluation of Europe’s ability to deliver its normative development purposes via institutional arrangements combined to negotiations that bridge existing power inequalities with the Associates, he can nevertheless be placed within the liberal institutionalist school.
18 Zartman, ‘Politics of Trade Negotiations’, p.233
19 Zartman, ‘Politics of Trade Negotiations’, p.75-76
21 Significantly, the EEC’s granting of ‘development’ friendly trade preferences to ACP countries was largely stifled by the Common Agricultural Policy.
22 Gruhn, 'The Lome Convention', pp.255-258
Giving impetus to the early critical literature, President Nkrumah of Ghana critiqued European countries’ resort to neo-colonialism. The neo-colonial danger was defined in the following terms – ‘the essence of neo-colonialism is that the State which is subject to it is, in theory, independent and has all the outward trappings of international sovereignty. In reality, its economic system and thus its political polity is directed from outside’.23 Nkrumah accordingly condemned the Common Market’s economic ties with newly liberated African countries as a Trojan horse by which colonial patterns of trade could be maintained under the guise of sovereignty.24 He condemned neo-colonialism ‘which holds out to the underdeveloped African states the threat of discriminatory tariffs for those who do not come in and the promise of aid for those who do’25

Following Nkrumah, a number of influential contributions to the historical critical literature sought to analyse the chimera of development co-operation. Galtung notably examined the EEC as an emerging superpower and pointed to the EEC’s policies of ‘exploitation’, ‘fragmentation’, and ‘penetration’ in its dealings with Associates.26 For him, Africa-EEC Association constituted both domination and imperialism due to the fact that it maintained colonial patterns of trade, discouraged inter-Africa regionalism, and encouraged clientelistic relations between African elites and EEC policy groupings.27 Consequently, Galtung found much in common between colonialism and newer forms of control.28

Dolan, meanwhile, criticised ‘illusory’ increases to supranational EEC aid budgets under the first Lomé Convention given the simultaneous curtailment of EEC member states’ national aid budgets.29 Lomé would, he argued, perpetuate forms of asymmetric economic ties that had dubious development credentials. Interestingly, Dolan also noted the tension between moral intent and economic interest and reflected on the ACP countries’ perception that ‘the EEC has a neo-colonial desire as well as a real desire for helping them’. Dolan emphasised here that Association should ultimately be assessed not by Europe’s intentions but by the material outcomes of trade ties for ACP citizens.30

24 Nkrumah, ‘Neo-colonialism’, p.19
26 Galtung, ‘The European Community’, p.68
27 Galtung, ‘The European Community’, p.71-72
28 Galtung, ‘The European Community’, p.84-85
This liberal-critical divide continues to characterise studies of ACP-EU co-operation in the era of the Cotonou Agreement. Liberal institutionalists remain optimistic as to Europe’s intent to establish a more level playing field and have welcomed Cotonou as a platform for greater co-operation in the pursuit of pro-poor free trade.\(^{31}\) Importantly, this is now understood in terms of a broader movement to donor aid for free market reforms within the Post-Washington Consensus. Donor assistance towards private sector capacity building will ostensibly promote socially responsible market reforms in contrast to laissez-faire liberalisation in the Washington Consensus of the 1980s and 1990s. As Önis and Şenses explain, the Post-Washington Consensus nominally ‘represents a more refined understanding of development through a shift of focus on [solely market] growth and efficiency to a more nuanced understanding of development that emphasizes the importance of additional policies to deal with key social problems such as pervasive unemployment, poverty and inequality’.\(^{32}\)

The Commission accordingly places discursive emphasis on trade-related assistance to allow ACP states to better cope with the pressures of economic liberalisation. In this context, liberal institutionalists interpret the Commission’s provision of aid in conjunction with the pursuit of Economic Partnership Agreements (EPAs) - involving far-reaching trade liberalisation in ACP countries - as evidence of Europe’s intent to integrate former colonies within the globalised economy. Laryea, for example, has lauded Cotonou as ‘consistent with


current international development thinking on the need for a policy focus’ on poverty. Gakunu, meanwhile, has examined the trade component of the new agreement and has approved that Cotonou is in ‘sync with the World Trade Organisation [WTO] – globalisation and liberalisation’. In similar terms, Carbone has argued that Cotonou’s ‘promises [of poverty alleviation and enhanced aid budgets], if delivered, are revolutionary… a new season for EU development policy may have just begun.’

The critical literature, meanwhile, has challenged Cotonou’s neo-liberal parameters. These critiques have focused upon the Commission’s contention that the consolidation of EPAs will deliver development gains for ‘the poor’. Most significantly, Europe’s pro-poor rhetoric has often been dismissed as a mere veil for exploitative relations. Hurt, from a neo-Gramscian perspective, for instance, has considered the neo-liberalisation of ACP-EU ties and the increasing political overtones of the bilateral relationship. In this task, he provides detailed and convincing criticism of the regressive consequences of EU policies, with reference to the material impact of free market agendas. In this context, he has reflected upon Cotonou’s rhetorical focus on partnership as part of the construction of a ‘common sense’ acceptance of neo-liberal regimes in the Post-Washington Consensus:

The ideas of partnership… [are] in danger of becoming merely a clever shift in rhetorical focus. The entire history of the official discourse of EU-ACP development co-operation can be dismissed as, to a large degree, false rhetoric that is subsumed by the realities and power relations of the international political economy.

---

34 Gakunu cited in ‘Dossier’, The Courier, p.19
36 Interestingly, Heron and Siles-Bruges examine the European Commission’ emphasis upon competitiveness as part of its Global Europe strategy. Their article provides some detailed historical background to the origins of Global Europe, with relevance for broader understandings of the Post-Washington Consensus. G. Siles-Brugge and T. Heron, ‘Competitive Liberalisation and the "Global Europe" Services and Investment Agenda: Locating the Commercial Drivers of the EU-ACP Economic Partnership Agreements’, Journal of Common Market Studies, 50(2), 2012, pp. 250-266
37 The shift from non-reciprocal to reciprocal trade was, in part, a reflection of the EU’s need to conform to multilateral trade rules set out within the WTO framework. In particular, WTO judgements had ruled against EU trade preferences to ACP countries in relation to banana exports deriving (predominantly) from the Caribbean. Within the critical literature, however, there is emphasis on a multi-level game wherein the European Commission consciously places the onus upon the WTO for unpopular shifts in trade policy that are nevertheless desired by European member states in terms of trade advantages. Hurt has criticised Europe’s ‘strategic attempt… to externalise responsibility for its own policy’. S. Hurt, ‘Cooperation and Coercion? The Cotonou Agreement Between the European Union and ACP states At the End of the Lome Convention’, Third World Quarterly, 24:1 (2003) 161-176
39 Hurt,’ Co-operation and Coercion?’, p.174
Storey\textsuperscript{40}, meanwhile, has challenged liberal institutionalist accounts of normative power Europe in a challenge to Manners’ view of the EU acting to diffuse progressive norms of democracy, good governance, and development worldwide for the benefit of external partners.\textsuperscript{41} Storey points to how European norms and rhetoric may sometimes act as a ‘hypocritical smokescreen for the pursuit of naked and short-term gain’. Moreover, for Storey, Europe’s diffusion of norms may coerce ACP countries to pursue policy pathways (such as free trade agendas) which are not to their long-term advantage. Arts and Dickson\textsuperscript{42}, meanwhile, have similarly argued that ACP-EU relations has morphed from a potentially progressive ‘model’ of North-South relations to an ineffectual ‘symbol’ of EU goodwill towards the poor. In particular, they point to the erosion of ACP countries’ relative aid shares in terms of broader EU external engagements.

Crucially, however, the critical literature, in contrast to Manners’ liberal institutionalist account of the embeddedness of moral norms in EU external policies, has not systematically considered the normative ontology of ACP-EU relations, or how constitutive development discourses historically imbue asymmetric trade relations with a degree of acceptability in the international realm. This is particularly true of Hurt’s article that dismisses EU discourse as ‘false rhetoric’ without assessing the full historical evolution of legitimising narratives and their role in reconstituting asymmetric trade regimes. A moral political economy perspective, with its constructivist foundations, may provide an innovative lens through which to more closely examine how embedded norms help to rationalise the Africa-EU partnership and to inoculate it from contestation, with attention to Europe’s development discourse. In so doing, a moral economy lens may add analytical weight to the critical literature and enable it to more closely engage with emerging liberal institutionalist accounts.


\textsuperscript{41} Ian Manners (2002) has provided an influential liberal assessment of the EU’s normative power. This refers to the European project’s own normative ontology given its foundation in the aftermath of World War as a means of protecting democracy, human rights, and social prosperity. Manners argues that the EU diffuses its egalitarian norms in its dealing with external parties. This is achieved through a variety of channels including informational diffusion (for instance, through policy documents) and direct negotiation. Manners’ work has given rise to a number of liberal accounts of the EU’s benevolent international actorness in terms of progressive norm diffusion, often with focus on trade and development issues. See for example, Birchfield (2011); Niemann and de Wekker (2010); and Oberthur and Roche Kelly (2008). A moral economy approach provides a rejoinder to this prima facie acceptance of European norms.

\textsuperscript{42} K. Arts and A. Dickson, \textit{EU Development Cooperation: From Model to Symbol}, (Manchester, Manchester University Press, 2004)
Moral political economy: towards critical assessment of a norm-laden ‘partnership’

Reflection upon the desired contributions of economic activities to the good of society dates as far back as Aristotle’s examination of use values.\(^\text{43}\) Significantly, however, a growing body of literature focused upon the study of moral economy has sought to provide a distinctive approach to the examination of the normative dimensions of economic structures. This recent endeavour (with relevance for the critical assessment of ACP-EU ties) is distinguished by its focus on the manner in which economic systems are instituted and \textit{socially embedded} in negotiation with norms as to the morally desirable purposes, outcomes, and operations of economic activity.\(^\text{44}\) Focusing upon the moral premises involved in the instituting of economic systems, studies of moral economy assess the dialectics between founding principles and potentially overriding political and commercial interests.\(^\text{45}\) In this task, studies of moral economy are reflexive as to the possibilities for economic agents to utilise norms as public justifications (and self-rationalisations) for economic activities that enhance dominant actors’ economic position yet materially bear scant relation to ethical objectives.

In this task, studies of moral economy have certain parallels to Polanyian accounts of the embeddedness of the economy. That is, they focus upon the ways in which economic activities attain (and maintain) a degree of respectability in the public sphere in negotiation with social mores.\(^\text{46}\) In contrast to Polanyi’s critique of disembeddedness, however, (neo)liberal economic structures are seen to be embedded - in the sense that all economic structures, even those of the free market, are understood to contain constitutive moral norms.\(^\text{47}\) Nevertheless, a moral economy perspective recognises how free market activities may operate in a manner that contradicts nominal moral parameters. Sayer, a prominent ‘moral economist’, acknowledges that the term moral economy may in fact sound strange to those accustomed to the analysis of power inequalities:

‘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

\(^{44}\) Sayer, ‘Moral Economy as Critique’, p.262
\(^{45}\) Sayer, ‘Moral Economy as Critique’, p.262-266
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.\textsuperscript{48}

A moral economy standpoint, in this analysis of a potential ‘normativity outcomes gap’\textsuperscript{49} acknowledges the ‘real’ existence of human needs. This ontological stance is a key element of a moral economy approach to the analysis of ACP-EU ties in the sense that it enables scholars to contrast norms with ‘real’ conditions of human flourishing and/or suffering emanating from economic systems. Moralities and norms are not treated as mere abstractions that cannot be challenged in relation to economic practices, but are instead seen as articulations of how economies \textit{ought} to operate in direct relation to observable conditions of human well-being and/or ill-being. In an epistemological sense, academic critique can therefore be made as to discrepancies between norms and the \textit{knowable} outcomes of economic structures for ‘real’ human conditions. As Sayer notes:

Moralities are related – albeit in ways distorted by prevailing patterns of domination – to well-being, to capacities for flourishing or suffering, and to our essential neediness and vulnerability [as individuals] as well as our capacity for autonomy. Legitimations of forms of domination are usually provided to the effect that the economic arrangements are neutral, efficient or deserved.\textsuperscript{50}

This position also enables studies of moral economy to embrace a mild (social) constructivism. It concedes that whilst there is an ‘objective’ reality in relation to human flourishing/suffering, nevertheless, many aspects of our social world are constructed by (moral) ideas, narratives, and the (inter)subjectivities of the human experience. In this vein, a moral economy perspective can acknowledge knowable conditions of human well-being/suffering whilst concerning itself with the social construction of reality in relation to moral norms and discourses.

Again, however, it is its critical capacity to highlight possible normativity-outcomes gaps that lends moral political economy its weight in the assessment of ACP-EU ties. A moral economy standpoint can examine how ethical norms as to sovereign equality, poverty reduction, participatory development, gender mainstreaming, and ‘pro-poor’ trade (to name but few) have been imbued within the structures of ACP-EU relations.\textsuperscript{51} Its constructivist position can allow us to take seriously the statements of European policy officials as to the


\textsuperscript{49} With deliberate parallels to Christopher Hill’s ‘capability-expectations gap’.

\textsuperscript{50} Sayer, ‘Moral Economy as Critique’, p.272

\textsuperscript{51} Langan, ‘Normative Power Europe’, pp.244-246
moral purposes of this ‘unique’ example of North-South co-operation. Rather than dismiss the rhetoric of Association as mere grand-standing, a moral economy perspective can assess how the normative language of the partners constructs strategic idealisations of how bilateral ties ought to function. That is, this lens allows us to examine how moral norms of development play a significant role in imbuing asymmetric economic relations with legitimacy vis-à-vis strategic policy audiences, notably EU and ACP officials. This explains degrees of path dependency with regards to asymmetric trade ties. Moral economy can thereby provide an innovative contribution to critical studies of the ACP-EU partnership –directly responding to liberal institutionalist accounts of the EU’s normative power.52

Taking the language of EU officials in the era of the Cotonou Agreement, it is possible to observe how highly moral tones of Association have acted to (re)institutionalise the moral economy of ACP-EU ties. EU officials in the Cotonou era, as with all past Association agreements, have placed trade relations upon a firm development terrain. The text of the Cotonou treaty makes clear, for example, that the pro-poor ACP-EU partnership with its focus on EPAs is ‘centred on the objective of reducing and eventually eradicating poverty consistent with the objectives of sustainable development and the gradual integration of the ACP countries into the world economy’.53 In a similar vein the Agreement pledges to recognise ‘the equality of the partners and [ACP states’] ownership of the development strategies… the ACP states shall determine the development strategies for their economies and societies in all sovereignty’.54

Interestingly, European officials have also rearticulated legitimising narratives of interdependence. The EU Strategy for Africa notably states that ‘combating global poverty is not only a moral obligation; it will also help to build a more stable, peaceful, prosperous and equitable world, reflecting the interdependency of its richer and poorer countries’.55 Meanwhile, (former) President Sarkozy of France has taken the concept of interdependence back to its colonial intellectual roots in his (re)discovery of Eurafrika for the twenty-first century: ‘What France wants with Africa is co-development, shared development ... What

52 Langan, ‘Normative Power Europe’, pp.244-246
54 ACP-EU, Cotonou Agreement, p.7. emphasis added
55 European Commission, EU Strategy for Africa (European Commission: Brussels, 2005), p2. emphasis added
France wants with Africa is to prepare the advent of 'Eurafrica', a great common destiny which awaits Europe and Africa'.

In this vein, trade ties between the partners are wholly enmeshed in pro-poor development narratives. Development norms are embedded to the extent that trade policies and overseas development objectives become largely indistinguishable within the moral economy of ACP-EU ties. Moreover, these recent narratives again reflect, in part, a broader movement within the donor community to legitimise free market opening agendas as pro-poor in the Post-Washington Consensus. The preamble to the revised Cotonou treaty of 2005, for instance, notes that the free trade strategy encompassed within the Agreement ‘support[s] the mutually reinforcing effects of economic and trade cooperation and development aid’.

It is through such narratives that the moral economy of ACP-EU ties has been historically (re)constructed throughout various phases of Association. In this vein, a critical moral economy assessment must be attuned to the political significance of discourse. That is, it must consider the ways in which development narratives have embedded legitimating norms and have institutionalised the moral economy of ACP-EU ties. Additionally, it must also consider the ways in which policy-makers may themselves be constructed by discourse - to the extent that individual understandings of Association become dominated by ‘common sense’ assumptions. Namely, a moral economy perspective must maintain reflexivity with regards to the agency/structure debate – that is, that European officials not only help to construct strategic discourse for external consumption but may themselves be shaped by the legitimations that they help to create. Hence a moral economy perspective may consider

---


57 ACP-EU, Cotonou Agreement, p7

58 Langan, ‘Normative Power’, pp. 244-246


60 It is relevant here to acknowledge arising post-structuralist accounts of global governmentality. Drawing on Foucault, scholars such as Methmann (2010) have articulated a ‘post-foundational’ account of depoliticisation. Policies may empirically ‘fail’ in terms of achieving ostensible aims but may ‘succeed’ in terms of depoliticising certain controversial issues and (hence) managing grievances that might otherwise disrupt elite power. Policies may succeed de facto by neutralising possible dissent. This post-structuralist perspective departs from the epistemological foundations of moral economy. Moreover, it would be difficult to state that ‘development’ issues have been depoliticised per se in the ACP-EU relationship – rather that there are certain dominant ‘common sense’ assumptions surrounding the marriage of free market policies to pro-poor objectives. Nevertheless, there are some interesting parallels with the above debate. See Kargiannis for an example of (an admittedly isolated) post-structuralist account of the ACP-EU relationship in which she examines the ‘efficiency’ discourse. See C. Methmann ‘The sky’s the limit: seeing global warming as global
how policy-makers within the Commission, for instance, adhere to asymmetric forms of trade relations through common sense assumptions of win-win outcomes for EU stakeholders as well as for disadvantaged citizens in ACP states.

A moral economy perspective, with its constructivist orientation, may also consider how moral norms evolve across different phases of Association. As Foucault acknowledged, discursive relations evolve in response to changing social and historical settings. For instance, he critiqued the transformation of discourse governing clinical medicine in response to scientific advancements. In similar fashion, a moral economy analysis may consider how development norms have been discursively rearticulated and re-embedded in response to shifting commercial and geopolitical interests of dominant EU partners (as well as moments of contestation on part of ACP governments and citizens). Moral ideas and norms can be considered in terms of their dialectical relationship with material conditions. That is, norms can be seen to ‘shape’ economic systems whilst also evolving in response to shifting priorities/sentiments on the part of policy-makers (who ultimately re-invent dominant norms through their public narratives).

With parallels to Foucault, it is also possible to observe that the evolution of discourse does not necessarily jettison former concepts or objects of control. Instead forms of ‘continuity’ can be discerned as certain concepts (or norms) ‘remain identical’ yet find ‘different systems of dispersion’. This understanding of discursive transformation is important to consider with regards to how moral norms of poverty alleviation and equitable North-South relations have historically remained as fixed components of the moral economy of ACP-EU trade ties yet have found different modes of dispersion. Cotonou’s language of participatory development, for example, may not have been present (or at least may not have been as prominent) in earlier Association arrangements but, nevertheless, acts as a new


62 It is important to note that there are avenues of contestation in relation to dominant discourses of ‘pro-poor’ free trade. A moral economy approach does not seek to deny the agency of critical actors to (re)formulate narratives that counteract idealised visions of egalitarian ACP-EU ties. Critical perspectives, whether in an academic context or in terms of non-governmental organisations, can challenge the dominant moral economy. Equally, however, counter-narratives may be assimilated into the dominant discourse of elite actors. For instance, potentially critical narratives of gender equality and participatory development have been largely integrated within Europe’s free market visions of ACP poverty reduction in the Post-Washington Consensus, acting to stabilise asymmetric trade regimes.

63 Foucault, ‘Archaeology’, p191
channel for the dispersion of long-standing primary norms as to equality and fair treatment of vulnerable peoples.

Altogether, therefore, a moral economy perspective is capable of enabling critical studies of ACP-EU trade regimes to i) recognise and assess the normative ontology of Association while considering the historical evolution of the moral economy in relation to shifting material interests, ii) examine the role of norms in legitimising post-colonial (and neo-colonial) relations in terms of internal and external audiences, including EU officials, European civil society, and ACP elites and iii) to reveal and to critique possible normativity-outcomes gaps. A moral economy approach is thereby well equipped to respond to liberal institutionalist accounts of Europe’s normative power. Rather than accept EU policy-makers’ norm-laden pledges at face value (as per Manners), a moral economy perspective can consider the strategic role of norms in veiling the pursuit of geopolitical and commercial interests to the detriment of ostensible beneficiaries. It can provide a critical rejoinder to the liberal institutionalist tendency for idealist Eurocentrism and its failure to adequately consider the regressive impact of EU policies upon ‘the poor’.

Crucially, a moral economy perspective is also capable of considering the relationship between (moral) ideas, institutions, and social relations, as per the critical orientation of Cox64. This has clear parallels to neo-Gramscian perspectives that seek to explore the agency of human beings within economic systems and to assess the role of ideas in shaping economic outcomes in refutation of the strict economic determinism of orthodox Marxism. Nevertheless this school has, to date, been marked by dispute as to what extent social constructivist perspectives should be embraced and traditional Marxist analysis of determinant economic relations retained. Bieler, for instance, claims that neo-Gramscian thought can at once embrace the role of economic forces in shaping the material structure of ideas while also considering the role of ideas (as mobilised by organic intellectuals) in (re)shaping the economic-political realm65. Bieler contends that neo-Gramscian assessments can examine the role of ideas in propagating the hegemony of certain historical blocs –by merging diverging class interests within a common sense project. Meanwhile, hegemonic ideas, being created by organic intellectuals rooted in specific class relations, are seen to emerge from particular

64 R. Cox, ‘Social Forces, States, and World Orders: Beyond International Relations’. Cox is often described as one of the founding fathers of contemporary neo-Gramscian scholarship in light of his seminal article on ‘social forces, states, and world orders’ which advocates the closer scrutiny of the interplay between ideas, material factors, and institutions in critical international political economy. See bibliography for more detail.

economic configurations. An apparently equal dialectic between ideas and material structures is thereby critiqued in the study of political economy.

Nevertheless, scholars such as Macartney have refuted constructivist positions and have sought to move the neo-Gramscian school closer to orthodox economic determinism. Macartney maintains that neo-Gramscianism is susceptible to idealism if historical materialism becomes excessively diluted with focus on the role of ideas (and discourse). Macartney argues that only in moments of capitalist crisis do opportunities become available for the ideational/discursive (re)creation of regimes of accumulation. In moments of good health, capitalist systems function solely in relation to the materialist logic of accumulation, with ‘ideas’ wholly subsidiary to the ‘primacy of certain material phenomena’. Macartney therefore refutes the notion ‘in Cox’s work that ‘ideas, institutions and material capabilities are accorded equal weight.... [since] in this respect Cox accords with constructivist insights where both material forces and ideas are equally dominant’.67

Macartney’s denial of the constructivist power of ideas/discourse (except only in conditions of crisis) can be read as a concession to the hostility of classical Marxists regarding an alleged ‘Weberian pluralism’ of Coxian interpretations of Gramsci. Indeed, there is scepticism on the part of classical Marxists regarding attempts to revise positivist assessments of regimes of capitalist accumulation with a ‘lighter’ neo-Gramscian variant. In this context, Macartney’s attempt to lessen the analytic focus on the role of discourse and ideas seeks to placate orthodox Marxists while unintentionally signalling unassuredness within the neo-Gramscian project.69 Berry makes this point clear in his critique of Rupert’s neo-Gramscian analysis of economic globalisation:

[Rupert’s analysis] remains epistemologically conservative. Globalisation is not, in general, treated as an ideational phenomenon, which may more or less accurately refer to aspects of material life. Rather, it is treated primarily, and without problematisation, as a material process of structural change which, moreover, is exogenous to agents. It is argued, glibly, that agents have a role in altering structures – encouraging this is a central objective of the book, just as it was for Gramsci and for Marx. But the constitution of structures in political action nor the constitution of agency in subjective and intersubjective

67 Macartney, ‘Articulating Particularistic Interests’, p.432-433. original emphasis
understandings of structure are not recognised, or at least form no part of Rupert’s analysis of agency or indeed ideology.70

Meanwhile, Hurt’s own detailed and valuable critique of the material impacts of EU policies in relations with ACP countries would itself arguably benefit from a closer discussion of ideational/moral aspects of trade and development relations.71 While acknowledging narratives of ‘partnership’, he focuses most heavily on material elements of aid policies and trade negotiations. This tendency is found again within Hurt’s more recent analysis of the EU’s pursuit of EPAs in Southern Africa.72 While the introduction sets out his intention to assess both material and ideational forces, nevertheless, the article does not fully explore the nuances of discursive shifts over time or the role of discourse in (re)embedding long-standing moral drivers within the historical ACP-EU relationship.

In contrast, a broad-church moral economy position enjoys greater latitude to more freely explore the ideational/normative aspects of power relations between the ACP-EU partners.73 Less concerned with orthodox Marxist scepticism towards ‘idealism’, a moral economy approach may more fully consider the dialectic between (moral) ideas and economic structures via constructivist critiques of discourse. A moral economy perspective can, accordingly, focus on the role of actors in constructing, and in turn being constructed by, moral development discourses. Moreover, it can understand that those (moral) ideas expressed by those in positions of power are likely to gain traction in the construction of the ‘moral economy’, while simultaneously considering possible counter-narratives deriving from ‘the poor’ in ACP countries and/or European civil society/academia.74 The relevance of a moral economy perspective is now examined in relation to the European Investment Bank (EIB).

71 Hurt, ‘Cooperation and Coercion?’, p162
73 This is not to suggest that there could not be a neo-Gramscian contribution to ‘moral economy’ - if such a contribution were to align with a (mild) constructivism in the study of (moral) ideas in shaping, and propelling forward, economic processes. However, given the school’s apparent discomfort with constructivism any overlap would require shifts in neo-Gramscian epistemology.
74 It could be argued here that EU elites’ construction of a ‘moral economy’ in fact lays the ground for resistance to its free market policies. The Commission, in particular, may become the victim of ‘rhetorical entrapment’ – being forced to dilute market reform agendas in the name of development concerns. However, the dominance of ‘pro-poor’ free market discourse is such that this does not appear to be occurring. While certain critics do point to the discrepancies of pro-poor discourse and material outcomes, the European Commission maintains a ‘common sense’ commitment to the implementation of free market policies, even where these in fact materially transgress ostensible norms.
The EIB, development norms, and capacity building in ACP countries

In the timeframe of the Cotonou Agreement, the EU has sought to permeate and to substantiate its development norms through a variety of aid instruments aimed at bolstering trade capacity and hence, according to the Commission’s logic, improved social indicators in the Post-Washington Consensus. These include institutions funded through the European Development Fund (EDF) such as the Centre for the Development of Enterprise (CDE), the Centre for Technical Assistance to Agriculture (CTA), and the FLEX scheme for the stabilisation of export earnings (a successor, of sorts, to the STABEX programme). Through the operation of such instruments, the EU points to its progressive assistance in support of economic growth and social prosperity in former colonies, (re)embedding legitimating norms as to an equitable ‘partnership’ within the moral economy of ACP-EU relations.

One institution that has received scarce attention in the literature, however, the European Investment Bank (EIB), claims to fulfil one of the most radical development roles within the moral economy of ACP-EU co-operation. Under the aegis of Cotonou, the Commission has sought to legitimise free trade agreements, specifically EPA market-opening, in relation to long-standing development norms. The EU has stressed that its adjustment support to free market reforms provide a means through which liberalisation will bring about poverty alleviation. Narratives of EU support to supply-side capacity in ACP economies have thus featured prominently - rationalising EPAs on the basis that ACP exporters will fairly compete with European producers on a free market footing if given support. In turn, enhanced ACP business performance will result in poverty alleviation. One notable example of this trade capacity ‘development’ discourse is evident in the EU Aid for Trade strategy of 2007:

Successful integration of developing countries into world trade [via the conclusion of EPA free market reforms] requires more than better market access and strengthened trade rules. In order to fully exploit benefits from [free] trade, developing countries also need to remove supply side constraints and address structural weaknesses... this includes domestic reforms in trade-related policies, trade facilitation, enhancement of customs capacities, upgrading of infrastructure, enhancement of productive capabilities and building of domestic and regional markets.75

The document goes on to explain that EU support to ACP trade capacity will ‘enable developing countries, particularly the least developed countries (LDCs), to use trade more

effectively to promote growth, employment, development, and poverty reduction and to achieve their development objectives’. 76

It is in this context that the ‘development’ functions of the EIB have played a central role in updating and bolstering the moral economy of ACP-EU ties. In particular, the EIB’s Investment Facility (IF), an instrument which aims to leverage capital into ACP states, has served a crucial purpose as a pro-poor concession. Financed by the European Development Fund (EDF) as well as by the Bank’s own resources, the IF aimed to disperse €2.2 billion to ACP trade capacity projects from 2003-2008 in the form of revolving funds.77 That is, in the form of loans, private portfolio equity shares, and capital investments in ACP projects with an eye to the Bank’s own profitability, on the ostensible grounds of ensuring the sustainability of the IF.78 Trade capacity building may take a variety of forms here, including EIB IF support to infrastructure projects conducive to a business ‘enabling environment’, loans to ACP firms to bolster their know-how or productive capacity, and private equity investments to build wider confidence in ACP sectors.79

EIB IF investments are, moreover, seen to establish new jobs and facilitate economic growth which is then tied to a legitimating discourse of poverty alleviation within EIB communications: ‘the importance of growth as a major contributing factor to sustainable poverty reduction and hence the contribution made by EIB financed private sector projects – can hardly be overemphasised’.80 In addition, the EIB stresses that IF contributions to infrastructure development will have major pro-poor outcomes: ‘infrastructure is a key development priority, both because it delivers essential services such as clean water and access to electric power and because it plays an essential role in supporting trade, productivity, and growth’81

The EIB, when articulating this development mandate, (re)embeds legitimising norms within the moral economy of ACP-EU ties. Explaining the origins of the IF, the EIB emphasises that the ‘development paradigm began to change’ during the transition from Lome’ to Cotonou in relation to a stronger focus on trade capacity and the operation of private

---

77 European Investment Bank (EIB), Investment Facility – Annual Report, 2003 (Brussels: EIB)
78 EIB, European Investment Bank in the African, Caribbean, and Pacific countries (ACPs) and the Overseas Countries and Territories (OCTs), 2008 (Brussels: EIB), p.3-6
80 EIB, ‘Development impact’, p.1
81 EIB, Investment Facility – Annual Report, 2009 (Brussels: EIB), p.22. emphasis added
sector enterprises on a free market footing. Additionally, the Bank notes that ‘the transition from Lomé to Cotonou was characterised by other important changes, not least a renewed emphasis on human rights and on poverty alleviation – aims and objectives which were expressed by the international community in the U.N. Millennium Development Goals’. Accordingly, the Bank bolsters the normative development discourse of the moral economy of ACP-EU ties, explaining that ‘hence the IF pays particular attention to the broader development impact of the various investments it makes and especially supports those that promise appreciable social, economic, or environmental benefits’.

In this development vein, EIB annual reports explicitly highlight private sector projects (and trade capacity building exercises) that are understood to have facilitated poverty reduction. The annual report of 2004, for example, cites the example of IF investments in the Compagnie Sucrière du Tchad (CST) - a sugar refinery and cane plantation in Chad. The report goes on in length as to the development impact of this investment, lauding the company for its benevolent (yet allegedly costly) concessions to its surrounding social infrastructure. In addition, apparently minimal efforts to reduce pollution are hailed as significant contributions to sustainable development:

The operation... provides for the financing of important environmental and social investments by way of subsidy. While the environmental measures consist in particular of the treatment of industrial effluents and the addition of a wet wash filter, social investments concern the construction of eight village wells and 400 latrines. These investments fall within the wider context of CST’s vital role in stabilising the social fabric of communities in the region. Healthcare and schooling, for example, extend beyond the community of Banda [in which the sugar operations are based] and represent a substantial expense for CST.

In the case of IF investments within a Zambian copper mining operation, meanwhile, the EIB (2003: 14) emphasises that ‘in addition to ensuring tax and export revenues to Zambia’s economy, this project contributes to the development of the poor north-western region (in terms of improved infrastructure, job creation, schools, and health facilities’). Again, the development auspices of EU trade capacity building in ACP countries are repeated in strict alignment with the broader moral economy of ACP-EU ties, legitimising liberalised trade regimes in the process.

---

82 EIB, ‘Investment Facility’, 2003, p.2
83 EIB, 'Investment Facility', 2003, p.3
84 EIB, Investment Facility – Annual Report, 2004 (Brussels: EIB), p.9
85 EIB, 'Investment Facility', 2004, p.9. emphasis added
Interestingly, the EIB also emphasises its role in encouraging ACP states to maintain momentum on ‘necessary’ trade liberalisation reforms – on the basis that those countries who implement adjustment measures will qualify for IF assistance. As the EIB (2003: 10) states, ‘reforms- usually under the auspices of the Wold Bank and the IMF [and EPAs]- aimed at market liberalisation and fiscal discipline have enhanced business prospects and resulted in higher growth rates’. Conditional EIB IF assistance thereby ostensibly supports conditions for human development by encouraging pro-poor liberalisation reforms. Altogether, the sum of these development logics are succinctly summarised by Bracking in her critique of development finance institutions (DFIs) such as the EIB:

the central attributes of [DFI] aid to the private sector, which are said to make it ‘development’ are that it opens new and otherwise unavailable markets; reducing country risk in the process, including for other companies in an agglomeration effect, and can be organised to promote and solidify recipient government’s commitments to wider improvements to the market architecture and macroeconomic policy environment. (Emphasis added).86

In stark contrast to these development narratives, however, the EIB has been roundly criticised for its predatory interventions in ACP economies.87 With clear implications for a moral economy critique of a normativity-outcomes gap, the EIB IF has been seen to sponsor private sector activities that impoverish local communities and workers. In particular, the EIB has been condemned for its funding of companies which are domiciled in tax havens, most notably, in the context of ACP investments, in Mauritius. Many companies through which IF funds are channelled do not in fact pay full taxation on their activities.88 Instead, IF-sponsored companies often avoid full tax payments, improving the profitability rates of EIB investments in relation to revolving funds, but significantly limiting the development potential of the Bank’s activities. Indeed, it is estimated that from 2004-2009, that €210 million of IF funds were utilised for ACP projects involving use of tax havens, depriving ACP governments of legitimate tax revenues.89 Illustrative of such concerns, a coalition of MEPs, in a joint letter to the President of the European Council and the European Commission in 2011, raised alarm regarding the siphoning of profits from an EIB-invested Zambian copper mine to a ‘tax-attractive’ destination in

---

87 Bracking, ‘Money and Power’, p.41
Switzerland: ‘a recently leaked audit revealed how Mopani Copper Mine (MCM), a consortium that is mining copper and cobalt in Zambian, has been siphoning its profits out of Zambia to avoid paying tax. It relocated its profits to its mother company, the commodity trader Glencore AG, based in the tax-attractive Canton of Zug, Switzerland’.90 The EIB has subsequently pledged to suspend future disbursements to Glencore AG.91

In this vein, the Bank’s development credentials have further been questioned on the basis that it has funded extractive activities, particularly in the mining sector, that perpetuate colonial trade patterns with little social benefit for workers or host communities. Friends of the Earth France expand on the EIB’s keen interest in mining operations:

Mines are top of the agenda for the EIB. In 2006, 100% of funding accorded to Zambia was assigned to the mining sector, and particularly to the biggest African project of open-pit copper mines. By the end of April 2007, the EIB allocated a loan of 32 million euros for a new mine in Zambia. In July 2007, the bank approved two huge mining projects: a project on nickel and cobalt production in Madagascar (200 to 230 million €), and the project for a copper and cobalt mine in Tenke Fungurume in DRC (100 million €). These amounts are exceptional for the Africa-Caribbean-Pacific region, where financing has seldom surpassed 80 million euros. In July 2007, 75 to 80% of the loan volume being evaluated at the EIB for the ACP countries was destined to the mining sector.92

Notably, the EIB IF has been criticised for funding mining operations in the aforementioned case of Zambia. From 2000-2008, the IF financed a total of twelve Zambian projects, eight of which have been in the mining sector – amounting to EIB investments of €234 million in conjunction with ‘global loans’.93 These mining operations often pose a hazard to the communities surrounding the extractive activities. In particular, there are concerns that operations result in ‘sulphur dioxide emissions from smelters, heavy-metal effluents being released into drinking water and silting of local rivers’.94 A former chairman of the Minor Metals Trade Association in Zambia, for instance, describes the unpleasant implications for local residents ‘when a sulphur storm goes by, people gag… it happens to every child and teacher in the local school several

90 Open Letter of MEPs, Open Letter to the Hungarian Presidency, the President of the European Council, and the European Council on EU Public Funding for Mining, Brussels, May 24th 2011
91 EUObserver.com, EIB
93 Counter Balance, Coherence for Development? Development Check of the Financing Activities of the European Investment Bank (Brussels: Counter Balance, 2009), p.16
94 Counter Balance, ‘Coherence for Development?’, p.17
times a day. They cover their faces to keep the smell out, but nothing can stop it’. Moreover, a joint report by Action for Southern Africa (ACTSA), Christian Aid, and SCIAF, has highlighted exploitative treatment of sub-contracted workers in the sector. Workers provided via third-party recruitment firms are alleged to lack basic overtime pay and to experience lower wages compared to their formalised colleagues. One worker described the situation in the following terms, ‘we work more than eight hours – sometimes up to 12 hours – and we are not paid overtime. Sometimes they calculate the hours and give us time off in lieu; sometimes they will just give us a packed lunch; but not money’. 

There are broader concerns, meanwhile, as to the development logic of foreign companies undertaking extractive activities in ACP states which culminate in the export of raw materials to European member states within free markets, as encouraged by IF investments. This concern owes partly to the nature of donor-sponsored privatisation that encouraged liquidation, mergers, and a subsequent decline in mining sector jobs (from 50,000 to 29,000 in the case of one Zambian merger alone). It also owes to the lack of value-addition combined to valuable resource loss taking place within ACP economies. In short, IF interventions are seen to discourage genuine economic diversification necessary for the expansion of productive processes in ACP sectors (such as cotton-textiles) that might promote long-term poverty eradication through industrialisation.

There are additional concerns, moreover, that EIB IF contributions to infrastructure development do more to subsidise European companies than to improve the livelihoods of local citizens. In particular, EIB IF involvement in the Grand Inga hydroelectric dam in the Democratic Republic of the Congo (DRC) has received vociferous criticism from NGOs on the basis that the electricity produced will not benefit local communities but will be exported to Europe. The electricity produced by the dam, whose construction is currently estimated at around €100 billion, is to be exported from the DRC via Congo-Brazaville, the Central African Republic, Sudan, Egypt, and sub-terrain pylons underneath the Mediterranean Sea to European


consumers. In the case of a joint EIB/World Bank investment in the Bujagali dam in Uganda, meanwhile, civil society activists such as Frank Muramuzi of the National Association of Professional Environmentalists (NAPE) state that such large-scale infrastructural developments will not only bypass, but will worsen the conditions of, local citizens: ‘the high cost of the project will further limit funds for rural electrification… Ugandan already has the most expensive power in the region, and tariffs have more than doubled recently, pushing more people out of the already limited market for electricity’. EIB development rationales are accordingly challenged as self-rationalisations of the pursuit of commercial self-interest in former colonies. Indeed, the report on the IF-funded dam in DRC finds that:

"Under a rhetoric of enlightened aims and grandiose goals, many of whose exponents genuinely believe what they do makes the world a better place, ‘development’ is central to maintain our [European] artificially inflated standard of living. But it is equally crucial to our self-perception not as exploitative of poor countries but as humane, as trying to help: as trying to make the world a better place."

The granting of IF global loans via intermediary commercial banks has also been challenged on the development terrain upon which the EIB discursively places itself. The granting of loans through a chain of (predominantly) European banking interests is seen to do more to subsidise Europe’s financial industry than to provide low-cost loans to small and medium sized businesses. As Silva states ‘it is clear that the Bank’s strong balance sheet and favourable credit rating allows financial intermediaries to access funds on borrowing conditions that are highly favourable vis-a-vis their own domestic market.’ What is less clear is how much of that borrowing premium ends up with the financial investors as interest rates are usually set at the market level’. Meanwhile, as Bracking illustrates, a large proportion of DFI credit is disbursed to a select few favoured clients operating in middle-income developing countries. The true development potential of private sector finance is thereby diluted as DFIs such as the EIB operate in a manner that is risk-averse, in protection of their own profitability. From an assessment of EIB IF annual reports it soon becomes clear that investments often do accrue to

---

98 Counter Balance, Conrad’s Nightmare: The World’s Biggest Dam and Development’s Heart of Darkness (Brussels: Counter Balance, 2009), p.9
100 Counterbalance, ‘Conrad’s Nightmare’, p.4
102 Bracking, ‘Money and Power’, p.146
‘long-standing client[s]’ of the Bank such as the IF equity investment in El Aouj SA in Mauritania.\(^{103}\) Small and medium sized businesses operating as indigenous, nascent firms within ACP countries are crowded out by larger, more prestigious companies who are more attractive to EIB officers.

Perhaps most worrying, however, EIB IF funds are often channelled in the form of short term private equity investments that encourage the asset stripping of ACP businesses, quite contrary to legitimising development discourse. UNCTAD, in a review of DFI activities, has questioned the development purposes of such private equity buy-ins:

Investments by private equity firms are more often akin to portfolio investment than to FDI [foreign direct investment], in that they tend to have relatively short time horizons. This has raised some concerns regarding the impact of such investments, in particular as regards the dismantling of the acquired companies and worker layoffs.\(^{104}\)

These concerns are shared across a number of NGOs, including Netherlands-based SOMO, who explain that ‘unregulated private equity and hedge funds, with loans from Western banks, started to lure capital from rich people in developing countries and to buy up companies with operations in the South with a view to make short term profits’.\(^{105}\) The Socialist Group in the European Parliament, meanwhile, has itself raised concerns regarding the behaviour of private equity firms more broadly, raising this issue of asset-stripping as detrimental to both economic and social prosperity in affected sectors: ‘we often see a clear asset stripping of the company acquired with major detriment – not only to its debt level, but often also to its employees and investment capability for the future.’\(^{106}\)

It becomes clear in this context that while EIB narratives of trade capacity building and PSD work to rationalise the Commission’s pursuit of trade liberalisation in former colonies that, nevertheless, there are considerable disjunctures between norms and material outcomes. While instruments such as the EIB IF play a central role in bolstering and updating the moral economy of ACP-EU ties, nevertheless their implications for workers and host communities fall well short of normative development pledges. EIB investments appear to favour developmentally questionable extractive operations in ACP countries or else the subsidy of infrastructure projects

\(^{103}\) EIB, ‘Investment Facility’, 2004, p.9

\(^{104}\) UNCTAD cited in Counterbalance, ‘Flying in the face’, p12


\(^{106}\) PES, Hedge Funds and Private Equity – A Critical Analysis (Brussels: Antilope, 2007)
linked to the business interests and energy demands of European stakeholders. Rather than give ACP states the means to build a private sector enabling environment conducive to job creation, value addition, and long-term social prosperity, such projects do more to achieve the commercial and geopolitical objectives of the Commission and its stakeholders.

A moral economy analysis thereby provides insight as to the functions of normative concessions within the moral economy of ACP-EU relations. Europe’s ostensible support to trade capacity building allows European officials to rationalise reciprocal trade, EPAs, and the commercial activities of European firms as pro-poor. Nevertheless, there are significant ruptures between development objectives and material outcomes for supposed beneficiaries. Indeed, EIB IF interventions work more to (re)embed poverty and to reinforce power disparities than to provide the basis for a more equitable or interdependent form of relations between the blocs. Predatory EIB IF interventions illustrate how the moral economy of ACP-EU ties tangibly functions in violation of ostensible normative parameters.

Conclusion

A moral political economy perspective – focused on arising discrepancies between embedded norms and economic outcomes – provides an innovative vehicle for the critical assessment of ACP-EU ties. Scholars have long been interested in debates as to power politics between the ‘partners’. However, this approach allows critical scholars to systematically consider the relevance of moral development norms and discourse in institutionalising the bilateral relationship and in propelling it forward as a ‘legitimate’ international affair. A moral economy standpoint can allow critical analysts to examine the normative ontology of ACP-EU relations and to examine its constitutive moral norms. It enables consideration of the ways in which such norms, while acting to rationalise ACP-EU relations, may in fact act to obscure economic processes that have regressive consequences for ostensible beneficiaries. Focusing on the political significance of Europe’s pro-poor development discourse, in particular, a moral economy perspective can consider how the narratives of EU policy-makers (re)embed legitimising norms within the moral economy of ACP-EU ties. However, it can then examine the ruptures between discourse and outcomes and, accordingly, assess how development norms in fact perpetuate inequalities through the rationalisation of forms of economic and aid relations that inhibit the development potential of ACP countries. This perspective can allow the critical

107 c.f. Sayer, ‘Moral Economy as Critique’, p.262
school to directly respond to liberal institutionalist accounts of Europe’s alleged progressive role on the international stage.

In the case of EIB IF interventions, a moral economy analysis illustrates the significance of normative aid concessions in updating and bolstering the moral economy of ACP-EU ties. The EIB IF’s nominal assistance to trade capacity can be seen to legitimise the Commission’s pursuit of EPA market-opening. Nevertheless, the material operation of EIB IF funding, rather than create the conditions for poverty alleviation via ACP private sector growth, in fact works more to pursue Europe’s commercial advantage at the expense of ‘the poor’. While providing a buttress for the moral economy of ACP-EU relations, nevertheless the IF does more to (re)embed poverty than to provide a solution to historical power inequalities. A moral economy analysis, in this context, can illustrate the injustices of Association and illustrate the ways in which the critical literature on ACP-EU ties might develop with direct scrutiny of the normative ontology of trade relations and its regressive outcomes in terms of moral development objectives.