

Basri Alp Akıncı

Kadir Has University,
Istanbul,
Turkey

✉ iamalpakinci@gmail.com

Foreign Aid in the Age of Populism: Political Economy Analysis from Washington to Beijing

by **Viktor Jakupec and Max Kelly**

Routledge: Taylor Francis Group, 2019.

Is foreign aid effective? Are developed states and international development agencies sincere about their foreign aid agendas? Are there any challenges to the neoliberal economic order and its foreign aid agenda? If yes, what would be some responses to those challenges? Are there challenges in an anti-globalization rhetoric or alter-globalization rhetoric covering much more than what is going on right now? What are the shortcomings of today's development agenda?

According to Jakupec and Kelly, there is a need to bring politics again to the development aid phenomenon. However, by doing that, they do not believe in bringing just politics of economics but also examining power relations inside aid organizations and in recipient countries, as well as between donor and recipient countries. In order to do so, authors examine how aid organizations use Political Economy Analysis (PEA) to explore decision-making processes, yet fail to engage with wider politics at the same time. PEA, these organizations define, "is concerned with the interaction of political and economic processes in a society: the distribution of power and wealth between different groups and individuals, and the processes that create, sustain and transform these relationships over time" (p. 31). However, this is seen as a description of what to do rather than a definition by Jakupec and Kelly. At the end of the day, Jakupec and Kelly question how PEA is to be used in order to provide a better understanding of development, and to aid interventions, as well as their effectiveness. The authors elaborate their arguments in eleven chapters.

To begin with, the authors note in the first chapter that Western liberal order has failed to provide people with the economic felicity that it once promised. Hence, right-wing populism is posing a challenge to Western democracy and neoliberal economic order. By doing so, this challenge also reaches a critical point *vis-à-vis* development aid rhetoric. By introducing concepts like nativism or protectionism, the authors indicate that populism causes re-politicization of the Washington consensus-based foreign aid. Apart from populism, rise of illiberal democracy, and foundation of Beijing

Consensus are also challenging, all of which the authors are very keen of. In order to fight the ineffectiveness of today's PEA aid, authors are in favor of relocating PEA within a theoretical framework of the International Political Economy (IPE).

In the second chapter, authors introduce the need for a different PEA. According to Jakupec and Kelly, the foreign aid agenda is at a crossroads, since the rise of populism, de-globalization narratives and the foundation of the Beijing Consensus bring forth a strong criticism to the inefficiencies of the Washington consensus-based development aid agenda. They think that Western-based foreign aid is insufficient to act in ways that are "socially, politically responsible and to explore and understand the impact of complex human, social, cultural and political systems" (p. 10), and to achieve a change that would be efficient and effective. On top of that, they claim that today's challenges cannot be eliminated by the existing PEA discourse. According to them, PEA has to take a broader political consideration into account. It has to look at "political considerations of recipient countries, relations between donor and recipient and has to make explicit underlying assumptions, values and theoretical framework of any development intervention" (p. 11). Today's PEA is mostly based on the neoliberal norms; it is focused on recipient countries' politics, but not in a way to explore the relations between the donor and the recipient country. Jakupec and Kelly think that today's PEA does not have political, theoretical and epistemological grounds and frameworks. That's why, it is not successful in applying the current how-to approach. According to them, PEA needs a paradigm shift; in other words, a new approach to theoretical frameworks of the current PEA because aid effectiveness is fading away. This new approach has to be a broad analytical understanding of political changes; and PEA has to become intellectually more inclusive and multi-disciplinary (p. 19). The thesis of the book is that PEA has to draw on "economics, political science and social science narratives and theoretical and practical frameworks" (p. 20).

In the third chapter, authors raise points on the current PEA's downfalls. PEA is in the picture as Western-based aid is seen as unsuccessful at the time being; and PEA's approach is that governance and institutions matter in the development of a recipient country. According to the authors, the rationale behind PEA is to increase the effectiveness of development initiatives and their feasibility assessment as well as implementation (p. 31). One of the main triggers for a new PEA approach is that academicians have come to an understanding of development to be mostly influenced by political factors. Although PEA has some shortcomings, like its lack of theoretical underpinnings and the counterproductive nature of its negative or cautionary findings, PEA made a useful contribution to foreign aid, yet within some limitations. The thesis of the authors is that PEA's aim has to ascertain how de-globalization, populism and Beijing consensus, and power relations between donor and recipient may impact the success of the foreign aid. However, according to Jakupec and Kelly, PEA's lack of conceptualization, incoherent epistemological and paradigmatic explanations, and inadequate ideas on power relations have caused Multilateral Development Banks (MDBs) and bilateral aid agencies to be seen as unsuccessful and politically informed organizations (p. 37).

In the following chapter, while unpacking political economy analysis in the foreign aid context, Jakupec and Kelly aim to explore the evolution of PEA by important

donors and development discourse in a broader context. While seeking the evolution of PEA, they also explore some alternatives to the Washington-based aid programs, like Doing Development Differently (DDD), and Thinking and Working Politically (TWP). Apart from that, some other tools and methods are analyzed by them in order to know about the critiques of PEA. DDD and TWP are mostly differentiated from traditional donor agencies in that they decrease the role of conditionality. The idea is that mainstream PEA based on existing orthodoxy will not be able to solve the inefficiency on foreign aid.

After defining and criticizing PEA, Jakupec and Kelly further the discussion by elaborating on populism, de-globalization and the Beijing consensus. Chapter 5 is on populism, and according to them, populism, first of all, is not necessarily a good or a bad thing. Furthermore, they think that it is both a reaction towards the economic uncertainty in Western countries, and a political attack on neoliberal values. In short, populism aims to restore political power to ordinary people. And, in a foreign aid context, populist leaders assert that aid funds should be controlled by ordinary people rather than MDBs or institutions. While authoritarianism, majoritarianism, and nativism are kin of populism, protectionism and mercantilism are also constituents of economic populism. However, despite the popularity of populism in the public and academy, the foreign aid community is not a supporter of this discourse. This anti-establishment discourse, the authors note, has opened a war against the traditional donors like MDBs and other bilateral aid organizations, on the domestic level as well as the international level. Yet MDBs or others do not show any attempt to fight back the populist agenda. The agenda of the populist movement, as Jakupec and Kelly claim, is to restructure the institutions and foreign aid agencies, which will cause instability among foreign aid agencies, donors and recipients.

Another challenge to the traditional foreign aid agenda is the rise of illiberal democracies, which the authors talk about in the following chapter. According to Jakupec and Kelly, although illiberal democracies challenge the Washington consensus-based foreign aid, the understanding of illiberal democracies from a foreign aid and PEA perspective stays limited. Illiberal democracy and populism seem to converge at some point, but it is said that while the former is an ideology, the latter is a movement. However, both are subjected to continuous change to a majoritarian democracy to substitute liberal democracy. But also, they both seek to gain political and economic power from the elite and the establishment. Jakupec and Kelly suggest that the rise of populism and illiberal democracies, especially in the Western Hemisphere, is something to do with the failure of liberalism. Modernization theory is here to address one of the reasons behind it. Modernization theory's emphasis is on economic development, political stability, and social change, but since the linkage between neoliberalism and the mentioned theory have some problems, the esteemed result would not have been achieved. Hence, according to the authors, the expectation that the Washington consensus-based ideology would be established in recipient countries of foreign aid is not realistic. So, illiberal democratic ideologies have emerged to undermine liberal democratic ideology. As a solution, as Jakupec and Kelly suggest, an open PEA, which take recipient countries' national policies into account, can be built to be efficacious and beneficial for the people who live in developing and underdeveloped countries.

Chapter 7 is about de-globalization, and cultural and civilizational aspects of nation states. According to Jakupec and Kelly, de-globalization is not the same as anti-globalization; it is an alternative to the existing global economic order; and this new globalization paradigm may seek a reconciliation between populism and the neoliberal order. Hence, de-globalization is not a total abandonment of today's political economic structure, but it is more of a strengthening the domestic economies' preferences. Despite academics like Stiglitz, they suggest de-globalization but not anti-globalization. Today, in especially Western countries, populists heavily criticize the neo-liberal globalization agenda. One of the most important examples is the Trump administration in the United States, although Trump's reaction to neoliberal globalization is a more mercantilist one.

Chapter 8 is about the Beijing Consensus, which is generally seen as the Chinese way to development. It has eight basic principles for foreign assistance. According to Jakupec and Kelly, first of all, it is based on mutual benefits and equality between the donor and recipient. Non-interference of the donor country to the recipient is also another principle. Another one is interest-free or low-interest loans from China to others. Seeing quick results and imposing self-reliance on the recipient country are also two important principles one can list while talking about the Beijing consensus. In order to promote self-reliance, skills are transferred to recipients in the form of professional training by Chinese officials, yet projects are carried out with Chinese equipment. At the same time, however, projects need to be subjected to local living standards of the recipient countries. Chinese type of development is based on Confucian values; and it mostly poses an alternative, or a third-way to both neoliberal foreign aid and the populist agenda. According to Jakupec and Kelly, although the Beijing consensus-based development seems to be a success, developing countries should not copy what China did back in the day. In other words, there is no one-size-fits-all type of agenda. Furthermore, authors think that there is a need to find a reconciliation between the Washington and Beijing consensus, as a hybrid nature of both may be beneficial for both the donor and recipient states.

In the following chapter, Jakupec and Kelly, in order to show how PEA may be politicized, explore the argument of politicization of foreign aid and other related issues. In order to find an appropriate politicization formula, Jakupec and Kelly examine the principal-agent theory and the Trumpist politicization of PEA. They see Trumpism as a populist politicization, and think that its relevance to the PEA paradigm is advanced (p. 138). According to them, since there is a populist challenge to the liberal order, traditional institutions, like MDBs and bilateral foreign aid agencies, should think about refining the existing PEA, based on new conceptual and structural frameworks. The re-politicization must envisage a replacement of the efficiency focused agenda by the best-fit agenda, which is engaged more with political economy (p. 144). This shift of the epistemic structure of PEA should be, Jakupec and Kelly suggest, in line with the scholar community and practitioners.

According to the authors, politicization of PEA is crucial. So, that's what they dwell on in the ninth chapter. They point out that PEA is basically about the donors' perspective of its politico-economic theories and framework choice, on the one hand; and political, economic, social and cultural values of the recipient country, on the

other. Plus, the power relationship between and within the institutions and vested interest groups are intervened by donor and recipient governments. PEA is also interested in the recipient countries' bureaucracy and vested interest, and the relationship of the donor's and recipient's socio-political, socio-economic and politico-economic status (p. 156). However, according to Jakupec and Kelly, this PEA is understudied. According to the authors, the reason may be that the interaction between political, economic, social and cultural dimensions is difficult for an individual to grasp from a PEA point of view. Because the dominant liberal theory is based on the actor-oriented approach, the public choice, rational choice theories are discussed, along with structuralism - world systems theory, systems theory - and regulation theory from an IPE perspective. According to Jakupec and Kelly, those IPE perspectives have to be considered with foreign interventions as power relationships between the donor and recipient in political economic structures or institutions in order to relocate PEA, which will advance the knowledge and understanding of the nexus between the political and economic foreign aid world.

In conclusion, Jakupec and Kelly strongly suggest that an IPE-based PEA of foreign aid is certainly needed. Henceforth, in order to obtain an equitable foreign aid agenda which has an appropriate principal-agent approach, we need to work in the territory of the positive-sum game (p. 176). At the end of the day, it is claimed by the authors that politics matter and the Washington Consensus-based foreign aid agencies have to take PEA more seriously than they do right now. However, there is also a need to reconceptualize PEA in a non-dogmatic and analytical way, which has the potential to increase the effectiveness of the foreign aid (p. 186).

In general, I am not sure if the PEA approach is very understandable or if it is well put in order to relate it to the international development assistance. Remedy for a more efficient foreign aid is, according to the authors, about politicization of the aid. They are inclined to think that a foreign aid agenda has to reconsider power relationships between the donor and recipient countries as well as interest groups and bureaucracy both in the donor countries and recipients. On the other hand, the Beijing consensus and its difference from the Washington consensus are not that simplistic to other experts. For example, Jakupec and Kelly say that the Chinese development projects share knowledge and technology with the recipient countries. However, some others have a different perspective. In Abel Kinyondo's (2019) research, for instance, it is demonstrated that Africans are suspicious of China's motivation towards Africa. Some interviewees even say that China gives foreign aid to Africa in order to exploit Africa's natural resources (ibid.). On top of that, Kinyondo talks about the debt trap, in which China gives concessional loans to African countries, yet other credits are not very easy for them to pay back. Although China seems to have similar goals while giving development assistance to Africa, Western donors did have a baggage of vivid colonization history. Hence, China's prestige with the Africans is still not that pessimistic, like Europeans. On the other hand, some interviewees even say that China executes modern imperialism.

On top of all that, authors think that the Beijing Consensus and its challenge to the liberal world order is something different from illiberalism, populism and/or de-globalization. Hence, there is a claim that a hybrid understanding of globalization; in

other words, a mixture of Washington and Beijing understandings of globalization is better. However, I think that the authors should provide more evidence for us to believe that the Beijing consensus supports a political system that differs markedly from the ones that result in illiberal practices. So, I think that the conceptualization of the Beijing consensus by Jakupec and Kelly is not convincing.

In general, the book is a beneficial one for international aid students. The layout is very simple and understandable. Students of foreign aid and populism may read this book in order to understand political economy from the populism perspective. Jakupec and Kelly offer theoretically interesting insights, although many issues that they raise are debatable, and need more evidence for demonstration.

References

- Kinyondo, Abel.** 2019. "Is China Recolonizing Africa? Some Views from Tanzania." *World Affairs*, 182(2): 128-164. <http://dx.doi.org/10.1177%2F0043820019839331>

THIS PAGE INTENTIONALLY LEFT BLANK