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## Normative Values and Political Economy of Development Aid

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### Abstract

Given the significant changes to the development aid setting due to the rise of populism in donor countries and ascent of the Beijing Consensus institutions, in the last few years, this article brings to the fore the necessity to re-examine the inclusion normative values into the political economy of development aid, more potently. The discussion proceeds from a brief historical-political overview of development aid, leading to a discourse concerning the neo-liberal economic discourse within a context of a shifting the aid agenda, away from the dominant Washington Consensus ideology. Subsequently, a theoretical discourse of political economy and development aid is provided, setting the scene for unpacking concepts concerning normative values of political economy in development aid. The discussion concludes with a juxtaposition of normative and positive values of political economy in development aid and the need for an incorporation of both into the political economy of development aid.

**Key words:** Development Aid, Political Economy, Normative and Positive Values, Beijing Consensus, Washington Consensus

### Introduction

The year 2016 signifies the advent of wide reaching changes to the development aid setting. Arguably, the most noteworthy event is the rise of populism in donor countries, such as the ascent of Donald Trump to the USA presidency, Brexit in UK and the rise of the Beijing Consensus institutions as potential opposition to the USA dominated Washington Consensus embracing international funding institutions (IFIs) such as the World Bank, International Monetary Fund (IMF), Asian Development Bank (ADB) and the African Development Bank (AfDB). Against this background, this article brings to the fore the necessity to re-examine the inclusion of normative values into the political economy of development aid.

A discourse concerning normative values of the political economy in development aid, classified by OECD (2015 as Official Development Assistance (ODA) continues to be an understudied area among the various International Financial Institution (IFI) and bilateral aid agency. For a better understanding ODA is defined by OECD (1972, n.p.) as follows:

...flows to developing countries and multilateral institutions provided by the official agencies, including state and local governments, or by their executive agencies, each transaction of which meets the following test: a) is administered with the promotion of the economic development and welfare of developing countries as its main objective, and b) is concessional in character and contains a grant element of at least 25% (calculated at a rate of discount of 10%).

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Within the framework of the ODA limitations and exclusion of humanitarian and military aid, the point of departure for this discussion is the question of a necessity for aid agencies to engage in a discourse on normative values and to translate it into politico-economic development? In order to respond to this question, we may need to make some preliminary observations. Firstly, aid agencies are governed to a large extent by economic, rather than political or social thoughts and ideologies. Secondly, it is becoming increasingly evident that economic knowledge alone and as far as social, cultural and institutional prerequisites for economic growth and development through existing policies and practices is limited (cf. Hudson and Leftwich 2014; Acemoglu and Robinson 2013).

This is evident from the well-documented literature pointing to the ineffectiveness of development aid (Easterly, 2001; Stiglitz, 2002; Shleifer 2009; Vasquez 2007; Dorn, 2002; Bauer, 1972). As Easterly (2001, p. 143) notes, the quest

... for a magic formula to turn poverty into prosperity failed. Neither aid nor investment nor education nor population control nor adjustment lending nor debt forgiveness proved to be the panacea for growth.

Accepting the proposition that there is limited knowledge about how development aid policies contribute, if at all, to economic growth and thus poverty alleviation in developing countries, most development economists working within the aid agencies continue to unflinchingly operate within a dogmatic 'one-size-fits-all' development approach (Stiglitz 2002; Coyne 2002). Today, in a post-Global Financial Crisis and a continuing European Monetary Crisis environment, a contemporary discourse concerning political economy of development aid is largely lacking. This brings to the fore the question of the relevance of a contemporary political economy of development aid discourse. From this vantage point, it could be argued that without such a discourse any changes to the current claims for the success, or otherwise, of ODA will remain questionable and elusive. For, neither a long-term intrinsic nor a contiguous discourse is discernible in the development aid arena within and between the aid agencies.

This is exemplified by the end of the Millennium Development Goals (MDG) epoch in 2015. The discourse since the advent of MDG has remained weak regarding the development paradigm (Briant Carant 2016; Easterly 2009; Amin 2006). It remained committed to the neoliberal agenda of the past decades such as immoderate privatization, directed at advancing the amplification of the capital markets and commercialization within a framework of maximum deregulation, to name but a few cornerstones of the MDG.

To sum up, as we entered the objectives date of the MDG in 2015, the aid discourse is still at the same junction as at the advent of the MDG in 2000. After 15 years, the MDG activities show little, if any, general progress, even less it shows that the goals had limitations, for its discourse followed in the footsteps of the neoliberal agenda, namely a distinct economic discourse. Of course, it could be argued that diverse interest groups contributed to the public and academic discourse regarding aid effectiveness. The point, which needs to be made, however, is that the discourse concerning poverty reduction as a cornerstone of ODA was used to unmask perceptual differences. This unmasking focused on contending comprehensions of aid but remained within the explicit neoliberal economic discourse.

## **Development Aid: A historical-political overview**

For a better understanding, it may be useful to provide a brief historical overview of development aid, with each epoch and its political and economic school of thought providing its own normative values. Since the mid-20th century, development aid, with all its facets and differences, has become a global politico-economic phenomenon. Of course, we could trace the concept called 'development' in an economic context back to the 18th and 19th centuries (Easterly, 2007, Omar 2012), whereby the notion of development referred to 'advancement' (Breuning 1995; Picard and Buss, 2009). Development was generally grounded in the assumption of 'self-development'. That is, the guiding

principle of development was 'rationality.' It was argued that individuals, as well as societies, can amass sufficient rationality in order to enable them, through the development of their own drive and capability, to achieve an ever 'better' world, measured, for example, by gross national (GNP) product or per capita income. The notion of 'rationality' is still a strong and dominant paradigm in today's development aid agenda embedded in the 'rational choice theory' and 'public choice theory' (Jakupec and Kelly 2016; Petermann 2013) as much as it is based philosophically on a 'cult' of 'homo economicus' (cf. Leeson 2014; Zafirovski, 2000).

In addition to rationality, the concept of development aid has always had an economic connotation. Irrespective if we turn to Comte, Marx, or Spencer for a theoretical orientation of 'development' there is a common red thread running through their work. They, as many others, perceive the social-economic development as a continuous ascending line and sometimes denoting a dialectic advancement from lower or less developed to higher developed forms of society in economic terms (cf. Nisbet, 2009). By the 19th century 'development' became more aligned with the legitimation of transference of Western, so called highly developed economic, social, political and cultural norms to the non-European societies and nations (Walter 2012). The idea of 'development' was mainly grounded focussed on the notion that economically less developed countries should be enabled to 'catch-up' in order to participate in the Western nations' consumer and wealth-building economic development (Areille and Storr, 2009).

Arguably, and at a pragmatic level, the contemporary concept of 'development' can be traced back to 1949 when the then US President Truman instituted a development programme for the underdeveloped regions. There was also a political agenda guiding development aid. 1945-1970 is characterised by the USA's concern for deterring the expansion of the geopolitical influence of communism, firstly in Europe and subsequently globally. The normative values were couched in the Truman doctrine (Canterbury 2014) and enacted through the Marshall Plan (Jones 2017).

Throughout the 1945-1970 period development aid, at the ideological and conceptual levels has experienced changes. In the 1950's development, including development aid was reduced to measures of economic growth. In the 1960's we witnessed the emergence of dependence theories bringing to the fore the importance of national development. The 1970's were characterised by the recognition that development aid is not delivering what was expected and re-focussed on issues such as employment, health and education and other factors contributing to better living conditions. During the 1970s and up to 1989 with the fall of the Soviet Union and the subsequent end of the Cold War, development aid was arguably influenced by the politics of détente. That is, development aid donors focussed their economic attention on poor developing countries and at the same time increased amounts of aid were used to change political systems and orientations in recipient development aid countries to adhere more closely to the Washington Consensus (Williamson 1997). By the 1980's it became apparent that the global natural resources are finite and the Western Washington Consensus economic development model was perceived by many as unsustainable. The Washington Consensus 'catch-up' or replication model was in part modified in the 1990's by the post-Washington Consensus ideology (Stiglitz, 2001), which included the notion of sustainable development (Ziai, 2016). This led in part to the 'donor fatigue' in the 1990s (OECD 2011). During this epoch, the development aid flows declined, and at the same time, there was a re-orientation of flows towards new recipients such as the former communist countries in Europe and Asia. In addition, the donor agencies, especially the World Bank pursued a policy of increased systematic debt relieve such as the 'Highly Indebted Poor Countries' initiative (Isar, 2012; Easterly, 2002). After the year 2000, the Millennium Development Goals took the centre stage in the development aid arena. It created measurable targets for a few specific areas of development. There was also a revitalization of geopolitical aid, now to be used to stop the spread of terrorism.

Perhaps the more prominent point of discussion in a historical sense came to the fore in the first two decades of the 21st Century from economic vantage points. One may discern two movements. As stated above, one movement (see for example Mayo 2010; Easterly 2014, Edwards, 2014) claims that ODA is ineffective and has, over decades impacted negatively on aid recipient developing coun-

tries. Another movement (see for example Sachs 2009 and Stiglitz 2002) argues that ODA funding has been too low and that substantial aid funding increases would facilitate poverty reduction. For a significant number of development aid theorists, however, on the question of aid effectiveness, the jury is still out. Both, the proponents and the opponents as well as the apologists have extensively overstated their claims and have often contorted the historical and empirical evidence (Collier 2007).

At the beginning of the 21st century the debates about the effectiveness and usefulness of development aid intensified (cf. Easterly 2007; Sachs 2005; Collier and Dollar, 2004; Burnside and Dollar 2002). From a political point of view, the case against development aid of the day was directed at its very construct, namely that development aid is geared towards the economic dominance of industrialised developed countries over the developing countries is maintained (Harvey 2003; Pearce, 2008). In the second decade of the 21st century, there was another paradigm shift. Following the Global Financial Crises (GFC) the debate has turned to pursuits of the concepts of value for money and aid for trade (Jakupec 2015), and at the same time the post-Washington Consensus based development aid ideology is being challenged by a second wave of post-development theories (Ziai 2016; Karplus. 2014; McGregor 2007).

The question is how to understand the concept called development aid today in a political sense? A review of some relevant literature provides some insights, as follows. Economic advancement or growth, if one wishes, has moved from the purely quantitative notion of 'increase' of goods and services as to incorporate qualitative conditions such as an increase in social welfare services, with an aim to reduce poverty (Hull, 2009; Mosley et al. 2004; Arimah, 2004). One of the underpinning conditions for economic advancement and poverty reduction, however, is the notion of employment, work, and productivity. This is buttressed by the economic concept of gainful employment leading to productivity and financial gains for employers and employees. The latter is seen as human resources development (Griffin, 1991; Hjertholm and White, 2002). This leads to the proposition that employment, work and productivity provide individuals with the opportunity to 'lift' themselves out of the generational poverty cycle. As a third factor underpinning development aid today in a political sense is the notion of good governance including democratisation, participation in the political, economic, social and cultural life of the nation. Good governance is perceived as a qualitative political correcting element, leading to enhanced development, built on the proposition that good governance is a precursor for social stimulus for enhancing economic development (Leftwich 1994).

Concerning above discussion relating to the concept of development and development aid from a historical-political perspective, points to two main themes. Firstly, the concept called development is rooted in different theoretical perspectives and paradigms, which have they own historical, cultural, social and political *Weltanschauung* and *Zeitgeist*. Secondly, there is at times an independence of the dominant development theories whereby the developed countries are seeking to assist developing countries to overcome their development problems. This holds true irrespective of the different political or economic motives or theories. From the above, however, brief historical-political account it is evident that both the theoretical discourse of political economy and development aid, and the underpinning values have changed over time.

Historically two major events molded the norms and values of a political economy of the post-WWII development aid. The first was the Bretton Woods Conference in 1944 which debated, amongst other issues, if the focus should be on 'reconstruction' or 'development' (Van Bilzen 2015) and the acceptance of the Washington Consensus by major international funding agencies during the 1980's and early 1990's.

## **The neoliberal economic discourse: Shifting the aid agenda**

In a historical context, the two major IFIs, namely the IMF and the World Bank are traditionally referred to as the Bretton Woods institutions. They were established in 1944 as post-WWII international funding institutions at a meeting of allied nations in Bretton Woods, New Hampshire. The Bretton Woods agreement established the USA as the leading power within both institutions and thus

the world economy (Weaver 2011; Amadeo 2017). One of the main functions of IMF and the World Bank was and still is to afford concessional loans to countries, albeit based on some differences as much as overlapping goals. The former was established to focus on the balance of payments loans. The main difference is that the latter, originally named International Bank for Reconstruction and Development, had the function to offer loans and grants for specific development projects such as infrastructure and later provided loans for other economic development aid projects. From their inception until the 1980s, both institutions and other regional development banks that followed in the footsteps of the Bretton Woods institutions followed mainly Keynesian economics until the late 1970s or early 1980s, with the rise of neoliberal ideology.

Arguably, we could trace the neoliberal economic discourse in development aid back to the 1970s and the Thatcher-Reagan era. The economy of the times may be described as one of stagflation (rising unemployment, high inflation, and a stagnant economy) in the developed world. In response to the stagflation, policy makers shifted their attention to find a solution by deferring to neoliberal ideologies, releasing the market from government control. The argument put forward by neoliberal economists was that markets should be free from government interference and control. This would, so the argument went, counteract the economic downturn.

Not surprisingly the IFIs followed suit by adopting the neoliberal paradigm. The conditionality imposed on the aid recipient countries included (i) corporate taxes reductions to support foreign business investments in employment-generating projects; (ii) reduction in government welfare and social services expenditure with the view that such services are better provided by private enterprise. Both these 'conditionalities' are two sides of the same coin, namely neoliberal discourse expressed through free-market ideology especially the notions of globalization and privatization. To be more specific, discursive pointers representing neoliberal discourse in foreign aid include an emphasis on complete privatization, a reduction in government size, economic deregulation, free trade and spending for the establishment of an ardent private sector. In the 1980s and early 1990s, the dominance of neoliberal discourse led to its extensive implementation in the foreign aid arena. However, changes in economic thinking after the global financial crisis of 2008 reduced to some extent the pervasiveness of Washington Consensus form of neoliberal ideology and values. The current post-Washington Consensus based neoliberalism nevertheless include the values embedded in the boldness of individual agency to continue to adhere to the promotion of micro-entrepreneurialism, unconstrained global capital flows and the adaptation of policies that enhance financialisation of global commodities (Jakupec and Kelly 2015).

Turning to the emerging shift in the development aid agenda, two factors emerged since 2015. One factor is the foundation of the China led New Development Bank (NDB), the Asian Infrastructure Investment Bank (AIIB) and the advent of the One Belt One Road (OBOR) initiative, and the consolidation of the Beijing Consensus in the developing world. The impact of the Beijing Consensus is the rejection of political and economic conditionalities which are the core of Washington Consensus, thus enabling the developing countries to pursue their own economic and political agenda. This puts external pressure on the Bretton Woods, and other neoliberal ideology led IFI to maintain their dominant global position.

The second factor is the rise of populism, especially with Trump's election victory in the USA and Brexit in the UK. The Trump administration is pursuing anti-neoliberal globalisation policies and is replacing its existing development aid policies with mercantilist guiding principle. The effect is that under the Trump doctrine "America First" development aid funded by the USA will be a zero-sum game. Taking into consideration that the USA is by far the single largest contributor to IMF, the World Bank, and other IFIs and holds the largest voting power, the USA influence on allocation of development aid advantageous for the USA cannot be underestimated, especially since the Trump administration has announced a 30 per cent cut to the 2018 development budget (MacArthur 2017; Schwartz 2017). This puts internal pressure on the Bretton Woods, and other neoliberal ideology led IFI to maintain their Washington Consensus policies and ideologies.

The interplay of the political economies of the Washington Consensus on the one end of the development aid spectrum and the Beijing Consensus on the other side, and the political economy of neoliberal globalisation as contrasted by populist mercantilism provides a fertile ground for Hegelian dialectics or a platform for discourse of political economy and development aid. The divergent discourses embedded in the Washington Consensus as opposed to the Beijing Consensus and neoliberalism in opposition to mercantilism offered their articulation of political economy and development aid and preferred social governance in aid recipient countries.

## **A theoretical discourse of political economy and development aid**

Given the internal and external pressures on the Washington Consensus and like-minded IFIs and their dominant political economy theory, one common thread is the focus on the question of power relationships, wealth distribution across social and socio-economic social strata, and thus the socio-economic and socio-political relations. Hence, it could be said that political economy is the scholarship concerned social relations, especially the power relation that reciprocally institute the production, distribution, and consumption of resources (Mosco 2009). However, the political economy of development aid focuses on a particular set of socio-economic and socio-political relations, often organised around the power of IFIs in a form to control aid recipient governments' policies through conditionality (Koch 2015) even when facing resistance from recipient aid governments, or social and political stakeholders.

Aiming to explain market forces and economic outcomes, political economy, in a context of development aid is further concerned with a diverse multitude of factors, especially law and governance, social relations, and historical and cultural development. This requires the use of discursive theoretical norms, values, and principles which underpin practical development aid policies, scientific evidence, and advocacies as to explain socio-political and socio-economic phenomenon bring together epistemic construct from a range of academic disciplines such as philosophy, political sciences, economics, social sciences, human geography, and others.

However, development economists in their quest to develop a coherent epistemic construct within a framework of development aid have advanced a range of political economy theories and different approaches. In short, the political economy of development aid cannot be considered as being a normatively, epistemologically or ontologically homogenous project.

Setting aside the impact of the emerging Beijing Consensus and the advent of the NDB, AIIB and the OBOR initiative, the dominant school of thought transcending the development aid agencies, is the neoliberal school of economic thought (Monbiot 2016). Although it is tempting to address the weaknesses of the neoliberal ideology within a context of development aid, the critique has been more than adequately articulated by others (see for example Boas and Gans-Morse 2009; Peet 2003; Vandermeer, 2011). It should suffice to note that neoliberalism as the mainstream economics of the development aid agencies is subject to a number of critical economic schools of thought of the radical Left and the conservative Right, and many others in between these two.

Given the current state of the theoretical discourse, the question is what are some approaches in providing a platform for a theoretical discourse of political economy and development aid – a platform to better understand and evaluate the theoretical discourse governing the ideology of the dominant IFIs? This includes not only the values ascribed to development aid governance and decisions of development distribution, but also and perhaps, more importantly, the values of IFIs views regarding social relations between the donor and the recipient as well as the social relations of competing for interest groups in the recipient country. In short, how does development aid conditionality reflects and reinforces the values of the aid recipient country's society? In order to address these questions, it seems important to distinguish between the characters or purpose and the conditionalities of the development aid, and the normative values are underpinning the entire development aid process. To explain, The values of the of the recipient country's society, implicitly and explicitly, and perhaps more normative may contribute to the theoretical discourse of political economy and development

aid, by focussing on three delineators: (1) sustainability in terms of intergenerational social justice values, ensuring an equitable access to benefits and social, economic political and cultural well-being for future generations; (2) democratisation as a notion of enhancement of wider participation of the recipient country's government and society in the aid conditionality decision making process, including irreducible social, economic, political and cultural matters which may be affected by the IFI's impose ideologies, thereby expanding the scope decision making and redefining the economic, political and social parameters for the benefit of the society; (3) authentication of intra-institutional relations between the donor agency and the recipient government and supra-individual relations between the social groups within the recipient country, based not only on extrinsic economic values, but also on intrinsic values constitutive of individuals' of the 'good life' as expressed through the values of sociality rejecting economic rationalism and individualisation, instrumentalisation of the development aid. In view of these delineators, we can now turn to normative values, which may underpin a theoretical discourse of political economy and development aid.

Our thesis is that political economy of development aid must surely be focussing on certain values. The question is which ones? Let us clarify. Much of literature concerning political economy is mute on the question of development aid. In contrast, the political economy literature concerning the is rich on discussions and discourse concerning values. Here we can discern two paradigms, one is focussed on normative values the other on positive values. These two values notions are at times presenting competing epistemic and ontological paradigms and have some common grounds.

### **Normative values of political economy in development aid**

Setting aside the differences and competing schools of thoughts about the effectiveness or otherwise of development aid, it may be more conducive to look at the common grounds or the ideals that transcend the competing world views of political economy. Drawing on the works of Mosco (1996); Lumsdaine (1993); Gerring and Yesnowitz (2006), it is possible to identify four common normative values embedded in the political economy of development aid. Of course, these do not feature equally prominently in every political economy schools of thought, nor are they equally applied by development aid agencies in their practices. Thus, a cautionary note is in place. It should be remembered that these normative values provide the contours for the relatively amorphous ideas of the heterogeneous field of development economics, rather than an epistemological or ontological framework.

Let us turn now to Mosco's (1996) common normative notions. (1) Morality, as a philosophical construct of political economy delineates the social values or 'wants about wants' (McCloskey 1998; Hirschman 1985). It refers to social values and the understanding of ethical, social practice. This brings to the fore not only the portrayal of the development world view how it may be at any certain epoch, but also presenting an illumination how it ought to be if necessitated. In other words, from a moral philosophical point of view political economy cogitates normative thinking as a method in aid of overcoming perceived or authentic injustices. (2) Praxis as an epistemological construct. It refers to human interest by which the people may change or reproduce the society (Haacke 1996; Habermas 1973).

However, it is important to note that praxis is not merely an action grounded in reflection, but it is an action grounded in reflection, which epitomizes specific qualities, such as a commitment to the social well-being of individuals. In essence, it is an emancipatory epistemological construct that guides action empowering individuals and societies to act freely for themselves. To translate praxis into the world of a political economy of development aid is at best of times a vexed undertaking. (3) The ontological structure as a cognitive framework for the praxis that predominated in a given epoch and potentials for bringing about changes in a given historical situation, such as the rise of the ne-liberal economics in development aid in contrast to a moral economy and utopian and Marxist economics. In a context of political economy, the historical process may bring to the fore specific world views or genres of understanding with a focus on comprehension of societies and their interpreta-

tions in a context of historical and social changes (Miller 2013; Lawson, 2011; Farrell and Finnemore, 2009). (4) A structural framework for social totality. Political economy is couched in an analysis of societal structures in their entirety, for its needs to transcend a range of social phenomena and challenges, which in today's discourse are positioned within a number of academic disciplines, engaging into often mutually independent of each other discourses. However, societal challenges are not mono-dimensional and as such cannot be fully comprehended from any singular academic discipline's vantage point. There is a need to bring together not only the disciplines and schools of thought from economics and politics but also from social sciences, philosophy, history, anthropology, human geography, arts and cultural studies. This brings us a full cycle back to the critique of a mono dimensional view of the economics as the dominant 'sciences' or academic discipline governing the praxis of ODA. This meant that development needs were, to a large extent, seen as a notion of commodity exchange relation based on market values without much consideration of normative values.

If we were to counter the dominance of neoliberal economic paradigm as a value-laden construct, we may well offer as an alternative the critical political economy (Browning and Kilmister 2006; Arnspenger 2007), for it focusses on the exploration of social relations, especially power relations that reciprocally represent the production, distribution, and consumption of natural and other physical resources. Thus, the values of a critical political economy should be much more interesting for the development aid community because its values encompass the 'social' in its entirety of social relations comprising economic, political, social and cultural normative values. In doing so, it questions the a priori presumption of the immutability of neoliberal paradigms and thus its normative values. To be sure, the critical political economy affronts several ontological and epistemological assumptions embedded in the neoliberal school of thought, including the neoliberal concretism of social structures, market reification, and a lack of inclusion of history and a moral dimension in the analysis of aid recipient country's society.

### **Normative and positive values of political economy in development aid**

For a discussion of 'values' that ought to underpin ODA, we may well unpack and contrast normative and positive value theories respectively. To begin with, we claim that normative values are firmly based on the notion of what 'ought to be' and are underpinned by theoretical premises. That is, epistemologically, normative values are based on deductive processes, namely commencing from a theoretical vantage point and progresses through deduction to specific policies cumulating into high-level principles, for example into high-level principles governing ODA policies.

In contrast, the positive value theory is viewed by its proponents as a construct that may be used to examine the 'real-life' occurrences with the aim to understand and subsequently establish how an IFI as a donor addresses the ODA allocation within given parameters and economic views. In other words, positive value theory examines actual real world operations and economic and social conditions and how recipient countries may rationalize such conditions. In this context, IFIs would seek to identify the economic consequences of aid allocation decisions. With such knowledge, the theory would attempt to predict how development aid recipient countries will implement and account for a loan or grant contracts and measures in the future.

Although the above contrast between the normative and positive values seems to be straightforward, it is not always unproblematic to segregate one from the other. One of the many reasons is that IFIs implement guidelines for development aid allocation that are portrayed as 'facts' but are in effect value based. To illustrate the point. For example, the assertion that the ODA recipient government should implement neoliberal conditionalities (e.g., privatisation, removal of trade barriers, and decentralisation) and thus ensure economic growth, is a normative economic value statement. It is difficult, if not impossible to prove whether the aid recipient government should do this, for the conditionalities are based on an opinion about the role of the government in the economic lives of the society, the importance of economic development and how it should be implemented and financed.



In contrast, the consideration that irrespective of the conditionalities, which are imposed on aid recipient government, the loan will increase public expenditure, is a positive values statement. It can be proven or disproven by examining the impact of the development aid loan on the national economic growth and aid repayment data.

It could be argued that the differences between normative and positive values of political economy in development aid, as a rule, centre around the former. Nevertheless, the differences persevere because neither the proponents of the one or the other school of thought can demonstrate to be correct. Thus, the IFIs, development aid recipient countries and the development aid community need to clearly understand the differences between positive and normative economic values, for this may lead to a better policy decision-making, clearly identifying and differentiating between positive economic values and normative economic values.

## **Conclusion**

Following from the above discussion, it seems evident that we are witnessing profound changes in how the normative values and the emerging political economy of development aid are perceived. The main change catalysts are the rise of the Beijing Consensus and the question mark about the continuing dominance of the Washington Consensus based IFIs, the ascent of populism, neoliberal globalisation in contrast to populist mercantilism, to name but a few.

Each of these phenomena is based on their normative values, judgments, and facts. After all, ODA itself is based on social, political, economic values, which in turn are regulated by norms. Of course, it could be argued that facts are underpinning positive values, may be used to gain meaning based on a socio-political framework, which in turn is inevitably value laden. Thus Washington Consensus based IFIs, if they wish to maintain their relevance, may be well advised to accept an effective change in their stance on their normative values. From this vantage point, there remains the question, namely whether it is advantageous to preserve some genus of difference between the normative and positive values as it applies to the political economy of development aid? The answer we are proposing is in the affirmative, for the incorporation of both (normative and positive values) combined would make the political economy, most likely, more transparent and acceptable from various positions.

Whether this proposition is acceptable and implementable is another question. However, by adhering and enforcing the dominant positive values of the political economy concerning development aid as embedded in the Washington Consensus based IFIs do not guarantee that the same model could be successfully applied economically, socially and politically to all development aid in the form of ODA. Thus, a case for the acceptance of normative values into the ODA political economy is potentially justifiable. The response to the merger of normative and positive values within the ODA political economy, cannot be made articulated categorically. Potentially, a unified version of these two value may one day emerge.

In this discussion, we supported a normatively informed political economics standpoint for ODA, a standpoint which attempts to expose questions of values to scrutiny. A good political economy of development aid, we attempted to explicate, involves a unification of normative and positive values.

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