



A Typology of Political Conditionality Beyond Aid: Conceptual Horizons Based on Lessons from the European Union

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Summary. — This paper asks how political conditionality needs to be conceptualized and researched to reflect global changes. It argues that a diversification of political conditionality “beyond aid” is now taking place. Political conditionality reaches across different external policy fields and includes cooperative and punitive measures. It has also moved from political rights toward social and environmental rights. To capture this diversification conceptually, the article presents an ideal–typical typology that is then refined based on the example of the European Union (EU). A review of the literature on EU political conditionality reveals a gap in studying the interaction of different political conditionality instruments.

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1. INTRODUCTION

Since the post-Cold War period, democratic governance and increased respect for human rights have been an important objective of the international community and in particular of members of the Organization for Economic Cooperation and Development (OECD). In this context, political conditionality – most often in the form of aid sanctions or suspensions – became one of the key instruments in pursuing issues of political governance in developing, and often aid-dependent, countries (Crawford, 2001). Given that development policy constituted the main linkage and driver of the relationship between the developed and the developing world, the concept of political conditionality has, for a long time, mainly been linked to the field of foreign aid. This focus on political conditionality in foreign aid has at least partly neglected the fact that political conditionality has played a role in other external policies for quite some time, such as trade policy in the case of the US (Carnegie, 2013; Hafner-Burton, 2009), or started to become increasingly important in other policy fields over the last decade, as in the case of the EU (Orbie, 2008; Smith, 1998).

Moreover, the fundamental shifts in the relationship between the West and developing countries during the last decade have direct implications for the concept of political conditionality. Many developing economies have grown significantly and graduated from low-income to middle-income status. As countries grow richer in per capita terms, foreign aid typically accounts for a very limited share of gross domestic product (GDP) (Carbonnier & Sumner, 2012). These patterns of “shifting wealth” (OECD, 2010) have altered the international landscape and made distinctions such as “North” and “South,” “donor” and “recipient,” and asymmetric “dependency” relationships increasingly redundant (Carbone, 2013; Harris, Moore, & Schmitz, 2009). Other external policies – such as trade and investment, climate, and energy, as well as foreign and security policy – have also gained in importance in the West’s relations with the developing world and broadened the strategic importance from poverty reduction to international cooperation for the provision of global public goods (Koch, 2012). In addition, non-Western donors, in particular China, increasingly offer developing countries alternative trade,

investment and aid packages with little political strings attached and thus increasingly challenge the use of political conditionality by Western donors in development cooperation (Huliaras & Magliveras, 2008; Kaya, 2014). In this changing international landscape, tying political conditionality mainly to aid will have little traction and not provide sufficient leverage due to the decreasing importance of the policy field, the declining aid dependence of most developing countries and the emergence of new non-Western donors.

In the future, leverage across different external policies will have to become the central source of influence if Western countries continue to emphasize normative approaches in their external relations, aiming to promote democratic development and respect for human rights. Stronger diplomatic engagement will have to be aligned with other areas of external action, so that incentives or sanctions across aid, trade, investment, economic, security, energy, and other fields enhance each other. This requires finding “more innovative ways... of intersecting incentives and pressure between the ‘silos’ of different policy domains.” (Youngs, 2010, p. 11).

This paper argues that the decreasing importance of aid – and the increasing importance of other external policies – requires a new research agenda on political conditionality that (i) studies the various sources and influence mechanisms of different political conditionality instruments “beyond aid” and (ii) analyzes these instruments more holistically, with a focus on the relationship and the interaction between different political conditionality instruments.

The aim of this paper is twofold. First, it sets out to ask how political conditionality can be conceptualized across different policy fields: What are the main leverage mechanisms we need to be aware of when studying political conditionality “beyond aid”? In answering this question, I aim to contribute to addressing the theoretical gap in the existing literature by conceptualizing the varied conditionality mechanisms across different policy fields in an ideal–typical typology. I then use the example of the European Union¹ (EU) – a supranational institution with a strong emphasis on the promotion of democracy and human rights and extensive experience in applying political conditionalities – to further develop the typology by applying it to the existing conditionality mechanisms in different external policies of the EU. The second contribution of the

paper is to highlight existing research gaps and to identify elements of a new research agenda on political conditionality. To this end, I apply the typology to the literature on EU political conditionality to draw attention to the main themes as well as understudied areas within the existing research. The added value of the literature review is not its comprehensiveness but rather its synthesized analysis of different strands of research on political conditionality and its focus on the need to (i) transfer lessons from one strand of research to the others, and (ii) to study different political conditionality instruments concurrently.

The paper starts off with a conceptual discussion of political conditionality, leading to the development of a typology that identifies four different ideal-typical mechanisms of political conditionality. In the third part, the typology is applied to the case of the EU and an optimized, refined typology is presented. The fourth part applies the refined typology to different strands of research on EU political conditionality to identify research gaps. The last section concludes and highlights elements of a future research agenda on political conditionality “beyond aid.”

2. A TYPOLOGY OF POLITICAL CONDITIONALITY

Political conditionality is a complex phenomenon and no consensual, widely shared definition exists among political and social scientists, economists, or legal scholars. The concept of the “first generation of political conditionality” (see Molenaers, Dellepiane, & Faust, *in press*) emerged in the post-Cold War period. At the time, it referred mainly to negative measures in the field of development. In this vein, Stokke (1995) defined political conditionality as: “the use of pressure, by the donor government, in terms of threatening to terminate aid, or actually terminating or reducing it, if conditions are not met by the recipient” (Stokke, 1995, p. 12). This focus on negative measures in defining and conceptualizing political conditionality has also resulted in “an automatic reflex to identify conditionality with sanctions” (Fierro, 2003, p. 99).

This traditional understanding of political conditionality is not only becoming less and less appropriate for capturing the full toolbox and various characteristics and leverage mechanisms applied by aid donors to incentivize political reforms. As an approach, it is also too limited to capture the increasing diversification and use of political conditionality in policy fields other than foreign aid. Diversification, in this sense, relates to (i) the different types and incentive mechanisms of political conditionality in different policy fields. Nowadays, political conditionality goes beyond the use of classic tools of enforcement such as sanctions and encompasses positive as well as negative measures across different external policies. Trade, foreign, security, climate, and energy policy have become increasingly important in the West’s relationship and cooperation with developing countries, and they include political conditionalities to varying degrees. (ii) The second aspect of diversification of political conditionality relates to the changing objectives that are pursued with the instrument. Traditionally, political conditionality in foreign aid has been used and conceptualized mainly with a “narrow” and minimalist view on democratic development and the so-called first generation of human rights, that is, political and civil rights (see e.g., Diamond, 1999; Tomasevski, 1997). Accordingly, research largely focused on the use of conditionality in cases of election irregularities, coup d’états, and restrictions of political and civil liberties (see e.g., Crawford, 2001; Stokke, 1995). Although democratic reform and political

and civil rights remain important for the use of political conditionality, the second generation of human rights (social and economic rights) and elements of the third generation of human rights (environmental rights²) have become increasingly relevant against the background of intensifying globalization. In trade policy, for example, political conditionality mainly aims at ensuring compliance with international labor standards and, more recently, also aims at influencing the sustainable development of trade partners (Hafner-Burton, 2009; Orbie, 2011; Orbie & Tortell, 2009).

Some therefore argue that questions of how to conceptualize and theorize political conditionality have gained renewed relevance in the context of accelerating globalization and more connected and intertwined markets and people (Blanchard & Ripsman, 2013). In this view, higher interconnectivity and interdependence also lead to higher public and political interest in influencing other countries’ domestic political processes and human rights performance (Blanchard & Ripsman, 2013).

Studying this diversification of political conditionality beyond aid requires a broadening of the concept and definition of the term as well as a broadening of the research rationale. It also requires a conceptual understanding of political conditionality that is applicable across different policy fields and accommodates different incentive mechanisms for different political objectives.

International relations research and theory provide important guidance in this respect. From an international relations viewpoint, conditionality is considered a mechanism through which states and international institutions aim at influencing the behavior of other states by using material incentives. As a concept, conditionality is closely linked to a rational choice logic that defines actors as cost-benefit calculators and strategic utility-maximizers (Kelley, 2004). Building on a logic of consequentialism, international institutions and states aim to change the behavior of other states not by influencing their preferences but rather by influencing their cost-benefit calculation. The extent to which conditionality can be considered a mechanism of coercion is disputed. Those who focus mostly on negative conditionality either consider the use of material incentives as a key instrument of coercion (see e.g., Dobbin, Simmons, & Garrett, 2007; Goodman & Jinks, 2004; Weyland, 2005), or they differentiate mechanisms of coercion, highlighting the difference between the use of physical (military) force and material incentives (see e.g., Magen, Risse, McFaul, & Lehmkuhl, 2009). Those who include positive conditionality in their conceptualization of conditionality highlight the fact that conditionality can constitute an invitation to voluntary adaptation and mechanisms of “reinforcement by reward” (Schimmelfennig, Engert, & Knobel, 2003).

What is clear, however, is that conditionality differs from a broader set of means of international influence generally subsumed under socialization.³ The main difference between socialization and conditionality is the use of material (positive and negative) incentives in the latter case and the reliance on “the logic of appropriateness” (March & Olsen, 1998) in the former: “The defining feature is that external actors do not link any concrete incentives to behavior but rely solely on the use of norms to either persuade, shame, or praise actors into changing their policies” (Kelley, 2004, p. 428). In the case of conditionality, external incentives are expected to be able to change the utility calculations of actors by raising the costs of non-compliance or by offering additional benefits in order to change cost-benefit calculations (Risse & Börzel, 2012; Schimmelfennig & Sedelmeier, 2004). Changing the behavior of states, rather than their beliefs or preferences as in the case of socialization, is considered the ultimate goal of

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