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The EU as an Aid Donor in the World System:

Dominating Power or Equal Partner?

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Abstract

In this thesis we examine the EU and its development aid distribution and co-operation with third parties. We have looked closer upon the Union's relations with the African, Caribbean and Pacific countries (ACP), as well as the Central and Eastern European Countries (CEEC). Our investigation explores how the EU as a donor has handled and affected the development in these regions. We approach this topic by applying the capitalist World-system theory, which divides the countries of the world into three categories: core, periphery and semi-periphery. The EU, being the aid donor, becomes the core. The CEECs represent the semi-periphery and the ACPs are peripheral states.

In studying the EU's relations with the external regions, we have found that capitalist explanations provided by the World-system theory are not sufficient enough to explain how these relations have developed. Although the World-system theory explains the world order in mainly capitalist terms, we have come to the conclusion that geographical, historical, and security aspects also contributes in shaping the world. Therefore, the World-system theory is not adequate in explaining international relations in the modern world.

Key words: European Union, aid, ACP, CEEC, World-System Theory

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List of Abbreviations

ACP	African, Caribbean and Pacific group
CA	Cotonou Agreement
CAP	Common Agricultural Policy
CEEC	Central and Eastern European countries
CIS	Commonwealth of Independent States
DG	Directorate General
EBRD	European Bank for Reconstruction and Development
EC	European Community
EDF	European Development Fund
EEC	European Economic Community
EPA	Economic Partnership Agreement
EU	European Union
FTA	Free Trade Area
GDP	Gross Domestic Product
HDI	Human Development Index
LDC	Least Developed Countries
MFN	Most Favoured Nation Clause
NATO	North Atlantic Treaty Organisation
NIS	Newly Independent States
OCT	Overseas Countries and Territories
ODA	Official Development Assistance
PHARE	The Programme of Community aid to the countries of Central and Eastern Europe
REPA	Regional Economic Partnership Agreement
SIDA	Swedish International Development Cooperation Agency
TCA	Trade and Cooperation Agreements
WST	World-System Theory
WTO	World Trade Organisation

1 Introduction

The European Union (EU) and its member states constitute the largest aid donor in the world¹. Therefore, the Union has the possibility to influence both the development and the political agenda of many other countries all over the world. It is not, however, always clear whether it is the financial gains of the EU or the actual needs of the recipient country that are determinate in how the aid will be distributed.

1.1 Statement of Purpose

In this essay we plan to investigate the European Union as an international development aid actor. The EU is the largest donor of foreign development aid in the world today and can thereby keep much of its dominant position towards many former colonies.

One way to address the external relations of the Union is by giving it core status and thereby overall influential power, according to Immanuel Wallerstein's World-system theory (WST). World-system theory divides the countries of the world geographically into three different groupings: core, periphery and semi-periphery. In the world system, these three groups are attributed certain characteristics in their relations with each other. The centre is the overall power, whereas the periphery and semi-periphery to different degrees have to comply with its decisions.

In this study we aim to examine the EU's aid relations with the Central and Eastern European Countries (CEECs)² and the African, Caribbean and Pacific group (ACP) respectively. Since the EU constitutes the donor of development aid, we ascribe it the role of core or centre. Considering the level of development and capabilities to influence the agenda in world politics in comparison with the CEEC and EU, we prescribe the ACPs peripheral status. According to WST the CEECs' characteristics have dominantly been semi-peripheral, as they have been industrialised to a certain extent but also suffered from poverty and instability. Our reason for choosing the ACP and CEEC regions in particular, is that we found it interesting to investigate how the Union has had special relations with the CEECs and ACPs in quite different ways. These regions have had a dynamic past,

¹ Mayall 2005: 309

² When referring to the CEECs we include the following countries: Slovenia, Rumania, Bulgaria, Czech Republic, Slovakia, Poland, Hungary, Estonia, Latvia and Lithuania.

with quite diversified development and success. Therefore it would be interesting to see what role Europe has played in shaping their destiny.

Our purpose is thus to answer the following research-question:

- Is the World-system theory an appropriate and exhaustive explanation to the case of the EU's aid relations with the CEECs and ACP respectively?

1.2 Theoretical Approach

In order to try to answer our research question, we are going to use the World-system theory. In applying this theory to our case, the Union represents the core, the ACPs periphery and the CEECs the semi-periphery.

WST was mainly constructed by the American scholar Immanuel Wallerstein in the 1970s. He argued the importance of capitalism as ruling or even constituting the world system³. The World-system theory therefore has its roots in Marxist and Neo-Marxist ideas when it considers capitalism as the source of inequalities in the modern world. It gives emphasis to “... *the state, imperialism, and control over the means of production and labour power.*”⁴ Within the Neo-Marxist traditions on development, main concerns have been the causes of underdevelopment in the Third World. However, researchers have different opinions about the role of capitalism.⁵

1.2.1 Defining World-System Theory

The WST argues that social and economic systems operate across boundaries globally, and that “...*any country's development conditions and prospects are primarily shaped by economic processes and interrelationships operating at the global scale.*”⁶

World-system theorists have argued that states and regions fall under three groups: core, semi-periphery and periphery. The core or centre consists of the developed and industrialised countries, which obtain the power and influence over the semi-periphery and periphery. Thus, the centre initiates all changes in the world system.⁷

The periphery is geographically dominated by former colonies and poor developing countries. Their production is directed by the desires and preferences

³ Klark 2002: 108; Ibister 1998: 55

⁴ Klark 2002: 108

⁵ Martinussen 1997: 96

⁶ Klark 2002: 107

⁷ Shannon 1996: 40; Klark 2002: 108ff; Terlouw 2001: 82

of the centre, and to some extent the semi-periphery. Countries in the periphery mostly produce raw materials for domestic consumption. In relation to this, the periphery is forced to import expensive goods from the core, since it cannot produce them itself. Had domestic production been a possibility, those goods would have been much cheaper to manufacture.⁸

Peripheral countries had the ambition to advance their economic development when they became independent. In order to build their infrastructure and develop industrial facilities they received help in the shape of foreign aid contributions and loans. Therefore, these countries and regions became subordinated to an outside (core) donor's decision-making.⁹ Thus, Gillis Peacock et al. write that "[t]he periphery complements development and growth in the core. A picture of unequal development emerges in which the core becomes progressively more developed while peripheral development is hindered as a result of its relationship to the core."¹⁰ With this development, the periphery suffers even though the idea with aid is to assist the developing countries and help them develop and prosper.

The semi-peripheral countries have characteristics from both core and periphery countries and regions. While they can be either poor or industrialised export powers, they can also suffer from pressure and exploitation from the core states. This group is the most fragile and least stable of the three. In striving for power they are constantly challenged by the centre. They do, however, have great opportunities to grow and develop into core countries, which is also their main ambition according to World-system theorists.¹¹

Research developers of the WST have argued that countries of Western Europe, North America and Japan are core states. The semi-peripheral countries has been identified as essentially "East Asia, Latin America and most of the former Soviet realm"¹², and the remaining countries, mostly situated in Africa, constitute the periphery.¹³ The theory, thus, deals with the interactions between the three groups and how these interactions are influenced by changes in the system.

According to WST the economic development in countries goes through different stages that have been described as waves. This means that periods of growth are followed by periods of decline and these succeed each other. The position or category of a state or region is not historically determined and therefore not unchangeable. Countries can move in-between categories over time, depending on their development, international status and other economic and political factors. An example of this is the countries of South-East Asia, the so-called *Asian Tigers*, who, according to WST, went from peripheral to semi-peripheral status with the economic boom in the 1990s.¹⁴

⁸ Klark 2002: 110; Shannon 1996: 28-34; Wallerstein 2005: 93

⁹ Shannon 1996: 98; Klark 2002: 110

¹⁰ Gillis Peacock et al. 1988: 839

¹¹ Klark 2002: 110; Wallerstein 2005: 92f

¹² Klark 2002: 110

¹³ Ibid.

¹⁴ Klark 2002: 110f; Terlouw 2001: 83

1.2.2 Critique of the Theory

The World-system theory is extensive and comprehensive and can sometimes be difficult to grasp. In this section we will discuss some of the critique the theory has been subjected to.

Within WST, much weight is put on economic explanations of the world, even though there are other aspects that may influence the world-system, such as political, cultural, historical, and religious factors. Although these factors are to some extent present in the WST, capitalist and economic explanations to the world are the overall focus.

A second point of critique is concerned with the grouping of countries into three categories. Critics have expressed the difficulty with grouping all of the countries in the world into simply three main categories. Although there are also explicit definitions attached to each of the three groups it is somewhat unclear how specific countries have fallen under a particular category. Furthermore, difficulties in distinguishing in which category one country belong according to WST.

Thirdly, in a WST perspective capitalism generates inequalities among the groups which make the peripheral countries unable to change their position in the world system. However, critics argue that capitalism can be a force of progress and that countries in the periphery can use capitalism in their advantage. Some have argued that one cannot speak of a total exploitation as both trading partners need each other within unrestricted free trade. Although the core states might gain more, both parties will eventually have gained something more than if they had not indulged in trade and cooperation at all. A state or region would not likely agree on a partnership if there was nothing for it to gain.¹⁵

One could see problems with the fact that the World-system theory has been developed within the Western world, primarily by an American. For this reason critics have suspected that the model has been developed and affected by the historical background.¹⁶ Therefore they have considered it to be more of an explanation or perspective, rather than a theory.¹⁷ We have, however, found that this theory offers an interesting and challenging perspective of how to examine the world. We believe that it would be fascinating to investigate what would happen when applying the theory on the world in order to see how international relations elaborated.

1.3 Method and Material

¹⁵ Shannon 1996: 163ff

¹⁶ Chirot - Hall 1982: 81

¹⁷ Klark 2002: 111

We will test the World-system theory in a case study, where we will look into the Union's relations with the African, Caribbean and Pacific group (ACP) and the Central and Eastern European Countries (CEEC) respectively. We will examine this by first giving a short introduction, and thereafter discussing what speaks for and what speaks against the theory's validity in this case in order to see if the theory holds.

Our research material consists of secondary sources, such as academic articles and literature, as well as reports published on the Internet and by agencies. A lot has been written about the EU's aid distribution as well as the World-system theory over the years, and we have found a large amount of useful material available. During our research, we have tried to find material from a wide variety of researchers and institutions, in order to present a report as objective as possible.

Parts of the material have been produced by either the EU or the Swedish International Development Cooperation Agency (SIDA), wherefore we have had to consider their subjectivity. It is likely that these two institutions, by producing and evaluating their own work, have a tendency to show a somewhat too colourful picture of what their work actually achieves.

The tables and figures presented in Appendix 2 and 3 respectively derive from a study by James Mayall, Professor in International studies at the University of Cambridge. Some of his data derives from statistics from the Organisation for Cooperation and Development (OECD). This is an organisation which works within the European framework and has earned legitimacy and respect for its competence by the EU member states. Therefore, we have relied on their material being produced in an objective way.

1.4 Previous Research

World-system theory is only one of many theoretical approaches within the Development Theory field of research. Therefore, we feel obligated to motivate our theoretical approach. Development theories can be either normative or positive. Normative theorists idealise how it would be in a perfect world. Those who advocate the positive approach emphasise what has happened in the past.¹⁸

Neo-Marxist World-system theory developed from Dependency theory or Radical-dependency approaches. These types of theories are, on the positivistic side, historical in their form and imply that capitalism rules the world system. We have chosen to use WST because it tries to explain the development in the world in an interesting way in that it divides the regions into three categories and gives explicit characteristics to those three categories. According to Human Geography Professor Robert B. Potter, socialist views dominate development research in the

¹⁸ Potter 2002: 61ff

early 21st century.¹⁹ Thus, when starting this project we saw a challenge in approaching the EU aid system from this point of view.

When it comes to researching the EU's²⁰ external relations concerning development aid, there is a great amount of available material, both including statistics and reports. The Union has always documented its economic activities. It is important for an international, democratic community such as the EU to keep documentation of its relations, co-operations and agreements in order to maintain good relations with its members and retain its democratic foundation. Transparency and openness is crucial for the EU in order to obtain legitimacy and keep and deepen their role as a global actor. The availability of material has made it easier for researchers to examine the Union and how it works. Thus, there has been an increasing amount of research concerning the European Union and its external relations.

We have further found a great amount of literature from other resources which are not closely linked to the Union and can therefore be seen as more objective. However, it is worth noting that the majority of the research produced originates from the Western world.

1.5 Definitions

The concept of *the Third World* originates from the Cold War era, when the world was divided between the First, Second and Third World. Western scholars referred to the West as the First World, the Eastern bloc as the Second, and the rest as the Third World. In practice the Cold War was fought in the Third World. When the Cold War and the bipolar system ended, the phrases "First and Second World" stopped being used. The phrase "the Third World" is, however still very much used, although synonyms such as "developing countries" or "the developing world" are also common.²¹

Although the EU started out as a European Economic Community and has developed into a Union, we will be referring to the EEC, EC and EU as the *EU* throughout the text. In the text we will also be using the phrase *aid* when referring to development aid and not humanitarian aid. The reason for this definition is that we will explore specific demands put on the recipient countries by donors, for receiving development aid. When giving humanitarian aid, e.g. after natural disasters have occurred, no demands are put on the recipient concerning conditions such as increased respect for human rights. However, while negotiating development aid, there has been a development towards making the recipient countries fulfil certain obligations in order to receive funding, for instance

¹⁹ Potter 2002: 62ff; Potter et al. 2004: 83

²⁰ Referring to the EEC, EC and EU respectively as the EU throughout this essay.

²¹ Dodds 2002: 4

democratic reform and equality. We will also be using the phrase aid synonymously with ODA, Official Development Assistance.

As international *aid agreements* have developed into a more trade-like shape over recent years, most of our sources refer to them as “aid and trade agreements”. Therefore, we will be addressing and referring to international aid co-operations as aid and trade agreements in the text.

1.6 Limitations

Our study will focus on aid relations in-between the EU and the ACP group and the CEECs respectively²². Since the majority of the countries in the ACP group became independent in the 1960s, we will look at the ODA relationship with the European Union from the 1970s and onwards. Therefore, when we write about the EU as an aid donor, we think of the Union in terms of a multilateral donor, not as the development aid contributions from separate member states.

In the case of Central and Eastern Europe, the situation is quite different. Before the fall of Communism in the East, the relations with Western Europe were quite limited. With the changes in the late 1980s, the opportunity rose for further developing the relationship with the EU. The European integration has evolved successfully and most of the CEECs²³ are members of the EU since May 2004. We will therefore end our investigation at the time just before the 2004 enlargement, since they, when entering the Union, no longer received EU aid as a Third party. For reasons mentioned above we will start the study of EU-CEEC relations at the time when the Cold War just had ended.

1.7 Disposition

In this essay we will first give an outline of the EU’s aid and trade agreements with third parties, as well as being an international actor on the world arena. This will be followed by an overview of the Union’s co-operation with the ACPs and CEECs respectively and how it has changed over time. In the following analysis we will discuss whether or not the World-system theory offers a sufficient explanation of the EU-ACP and the EU-CEEC relations and development. In our conclusion we shall summarize the discussion and evaluate the result.

²² For an overview of the countries that are included in the ACP group when signing the Cotonou Agreement in 2000, see Appendix I.

²³ Romania and Bulgaria were the only two who were not given membership at the 2004 enlargement, but are Candidate Countries at the time of concluding this study.

2 Background

In this chapter we will introduce the EU as an aid and trade donor and partner. We will further describe its relations with the ACP and CEECs in order to provide the necessary information for the analysis, where we aim to examine whether the World-system theory is an applicable explanation to this case.

First, we will briefly touch upon international aid and trade systems and the rules which regulate them. This will be followed by an introduction to how international aid has worked in practice, especially within EU external relations. How has the EU's aid relations to the CEECs and ACPs developed, and what consequences have they had?

2.1 International Aid and Trade

International development aid is given in order to develop and build the economy of the recipient country. Many developing countries have weak economies which rely on aid and economic contributions from other countries in order to survive and be able to compete on the world market. Multinational investment and export earnings combined with aid are essential in boosting developing countries' economies, for them to reach a higher level of development.²⁴

In order to receive aid, recipient countries increasingly have to fulfil conditions given by the donors, for example working for equality and democratic reforms. Such conditions, or political conditionalities, can be described as "*...the means by which a state or an international organisation provides benefits (such as aid) to another state conditional on the protection of human rights and democratic principles.*"²⁵ International aid cooperation is always affected by the involvement of at least two parties – a giver and a receiver. When it is mostly the donor's priorities that rule the relationship, the special needs, interests and culture of the recipient country are usually set aside.²⁶

Different explanations concerning donor actions have been produced, and they tend to give focus to three major reasons for giving aid: political and security, investment, and trade interests.²⁷ These aspects are all visible in EU aid and trade

²⁴ Lewellen 1995: 98+115

²⁵ Giorello 2001: 79

²⁶ Lehrer – Korhonen 2004: 602

²⁷ Ingham 1995: 363

relations with third parties to different extent depending on the partner. We will therefore take all these aspects into consideration in this study.

2.1.1 Why Trade?

What does trade have to do with development aid, or Official Development Assistance (ODA), agreements? Within development aid, there has been a shift from purely donor-recipient agreements towards economic partnership agreements, which always include elements of both aid and trade.²⁸ Although development is often associated with trade, and trade in turn associated with growth, trade has not necessarily been associated with development. There is a danger with trade-like agreements that benefits might not be distributed equally and the spread effects of financial benefits therefore quite limited. Consequently, the entire population of a country might not get to enjoy or even be aware of international economic assistance and the profits it can provide.²⁹ Therefore, it is important not to let trade get the upper hand in aid agreements.

Donor countries are nowadays obligating developing countries to live up to certain criteria and conditions in order for them to receive ODA. For this reason, discussing aid today automatically includes aspects of trade, in that the two partners interact and negotiates conditions.³⁰ Arthur Goldsmith writes;” *Donors tie political strings to aid. They have long put conditions on their loans: increasingly, the conditions call for changes in governance. [...] A donor may withhold an important loan pending an election or legal reform.*”³¹ This is a way for donor governments to pressure receivers for political and democratic reform. If the other party violates these conditions the donor can terminate the funding or introduce sanctions³².

Although development aid is given in order to increase economic and social welfare in developing countries, donor countries always have their own national interests for establishing bilateral and multilateral agreements. For example, the geopolitical state position of the recipient country is always present. In each separate agreement, it is therefore always a question of to which degree the aid is donor or recipient related.³³

There are some differences worth noting when it comes to comparisons between multilateral aid and bilateral aid. Multilateral agencies take recipients’ needs more into account when allocating aid, meaning that aid goes to poor countries where growth rates are low. Bilateral or individual donors often have

²⁸ Vyllder 2001: 42

²⁹ Lewellen 1995: 101

³⁰ Vyllder 2001: 42

³¹ Goldsmith 2001: 137

³² Sacristan Sanchez 2001: 70+80

³³ Ingham 1995: 363; Cosgrove-Sacks 2001: 261

other priorities behind their aid distribution.³⁴ We will return to implications of donors' preferences vis-à-vis recipients' in the analysis.

2.1.2 Any Changes?

Considering the amount of aid that has been given to the developing world over the past fifty years, the outcomes have varied extensively in different regions of the world. The least developed countries (LDC) remain underdeveloped and many still suffer from corruption and poverty. This could be part of the explanation why donors increasingly put pressure on recipient countries to reform. When the developing countries manage to fulfil earlier requirements, donors attempt to increase their control mechanisms further by introducing new demands. Receiving countries face these demands differently. Since they might still have weak democratic institutions, the new conditions can be more difficult to meet.³⁵ On the other hand, it could lead to a continued and deepened democratization and development. In the following section, we will look more specifically on the EU as the donor and some of its aid agreements with and political conditions on third parties.

2.2 The European Union in Aid and Trade Relations

Together with the member states, the Union is the largest aid donor in the world today³⁶. However, development cooperation has never been a common policy. The reasons for this include the member states' different traditions and working methods, as well as diversity in attitudes and political will.³⁷ Critics have voiced opinions about the EU's motives for giving aid and their self-interest in doing so. According to them, a crucial factor has always been the Union's interest to increase its influence globally.³⁸

Article 177 in the Amsterdam Treaty states that the Union identifies its development cooperation policy as encouraging "*the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them*" and "*the smooth and gradual integration of the developing countries into the world economy.*"³⁹ This implies that the LDCs should be highly prioritised in all aspects. It remains to be seen whether or not this is the true focus of EU development aid distribution.

³⁴ Ingham 1995: 363

³⁵ Goodison - Stoneman 2005: 7

³⁶ For more detailed information on international aid distribution, see Appendix 3.

³⁷ Chávarri Ureta 2001: 52; Vanhoonacker 2005: 75

³⁸ Rye Olsen 2004: 427f

³⁹ Ravenhill 2004: 126

Within the EU, the Commission is in charge of negotiating agreements with third parties. It also manages the Union's aid budget and the European Development Fund (EDF).⁴⁰ As the Commission is supposed to represent European interests, and not the separate member states', problems can occur in areas such as development aid to the Third World. This is due to the fact that there are different preferences and priorities within different parts of the Union, and the Commission might therefore have difficulties in allocating ODA.

2.2.1 Economic Partnership Agreements

In recent years there has been a change towards formulating aid agreements in the shape of partnerships (namely Economic Partnership Agreements, or EPAs), instead of the donor-recipient relationships that prevailed earlier. This is to avoid a neo-colonial attitude within aid relations.

With the Union being a result of regional integration itself, it has been a strong promoter of regional cooperation in external affairs and agreements, both within aid and trade relations.⁴¹ This has led to the development of so-called Regional Economic Partnership Agreements (REPAs), and new agreements with developing countries are almost exclusively designed as regional co-operations, which construct free trade areas (FTAs). The EU's REPAs with various regions and sub-regions around the world are meant to adjust to the particular regions' specific needs depending on factors such as their location or level of development.⁴²

2.2.2 WTO Rules and Regulations

Since the EU is a member of the World Trade Organisation (WTO) it has to trade and co-operate with third parties in accordance with WTO rules and regulations. The WTO is built on some general principles of trade liberalisation⁴³. Among them is the Most Favoured Nation Clause (MFN) which *"states that each contracting party must grant every other contracting party the most favourable treatment that it grants any country regarding imports and exports of products, thereby not discriminating between trading partners."*⁴⁴ There is also the so-called Enabling Clause which ensures developing countries more favourable treatment i.e. allows for and encourages special treatment to developing countries.⁴⁵

⁴⁰ Vanhoonaeker 2005: 76

⁴¹ Santos 2001: 30; Abegaz 2005: 442

⁴² Matambalya 2001: 21; <http://www.ictsd.org/issarea/africa/index.htm> p. 12, 2006-04-03

⁴³ Reyes-Delgado 2001: 240ff; Vyllder 2001: 80

⁴⁴ Reyes-Delgado 2001: 240

⁴⁵ Ibid. p. 241

Thus, no WTO member or country can discriminate against another in trade agreements, but under the Enabling clause special preferences can be given to developing countries. However, this is provided that all developing countries can access and benefit from the preferences equally. Therefore, in its aid and trade relations with third parties, the EU is obliged to follow these certain international standards decided upon within the WTO. If WTO regulations are not followed, the member that violates them can either be put under economic sanctions or be forced to compensate those affected by the violations.⁴⁶

2.3 EU Relations with the ACP

When most of the African, Caribbean and Pacific countries became independent in the 1960s, trade relations with their former colonial powers in Europe and the EU were continued.⁴⁷ On the initiative of the EU, most agreements were completed and executed on a regional basis. The Union preferred trading with the ACP as a group through multilateral agreements, instead of co-operating with each country separately through bilateral aid agreements. In this way, the Western powers kept much of their restraints towards their former colonies, through new agreements benefiting Western preferences.⁴⁸ At this point in time, the ACP was the most important group in EU external relations and at the very top of what has been referred to as the Union's pyramid of preferences.⁴⁹ Many of the so-called LDCs⁵⁰ in the world were situated in the ACPs which benefited from this development.

However, grouping together the heterogeneous countries of these three different regions and distributing aid to them through multilateral agreements instead of bilateral ones meant that the specific needs of separate states were not entirely satisfied. The economic situation of the new states was still coloured by the old world order. Being foremost producers of raw materials, the former colonies continued to be linked to the core states in ways much resembling the former colonial relationship.⁵¹

2.3.1 Lomé Convention

The EU-ACP cooperation was officially agreed upon in the Lomé Convention in 1975 and was signed for a period of 25 years. The agreement covered aid, trade,

⁴⁶ Gibb 2000: 467; Croome 1995: 370; Vyllder 2001: 79f

⁴⁷ Prah 1993: 69

⁴⁸ Santos 2001: 45; Mayall 2005: 307

⁴⁹ See Appendix II for more detailed information about the pyramid of preferences.

⁵⁰ The definition of an LDC is a country whose GDP is less than \$500 a year. Laanatz 1998: 4

⁵¹ Prah 1993: 69

and technical assistance, and emphasised partnership in spite of the prevailing inequalities in dependence. All the ACP signatories had automatic access to the EDF.⁵²

At the time for the signing of the Lomé approximately 80% of African exports consisted of raw materials. Agricultural products were therefore the ACPs only possibility to compete on the world market. Ironically, although the Lomé had given the ACPs duty-free access to the European market for 95% of their products, certain agricultural products falling under the Common Agricultural Policy (CAP) were excluded.⁵³ These restrictions violated the WTO's MFN principle and the Enabling Clause since other developing countries were excluded from these privileges. Neither did the agreement fulfil the criteria to aid developing countries when it continuously prevented their possibilities to export to the EU market. However, the cooperation was not terminated,⁵⁴ although it faced several re-negotiations and reformations.

In spite of several weaknesses in the system, the Lomé was in a way revolutionary, in its being formulated as a partnership. Instead of a “giver” and a “donor” the parties were now supposed to be equals and had to fulfil certain conditions. Those agreements emphasised the importance of political dialogue between the parties, to give them a platform for further co-operation as well as transparency in their relations.⁵⁵ It is noticeable that the peripheral ACPs obtained a certain degree of influence in the negotiations of these agreements.

2.3.2 New Negotiations and Conditionalities

In order to fulfil WTO regulations and because of changed circumstances, the Lomé was re-negotiated several times. For this reason the EU introduced REPAs which would focus on the needs of specific regions instead of the ACP as a whole. The EU was supposed to increasingly help the ACPs with adjusting their finances and cope with development costs, e.g. contributing to the infrastructure.⁵⁶

The EU continued to introduce performance-based conditionality such as respect for human rights and democratic principles when the Lomé was re-negotiated in the early 1990s,⁵⁷ partly due to the lack of positive results. Corruption and inefficiency or incapability in distributing aid in the peripheral countries⁵⁸ had kept these countries from developing.

The economic debt crisis in the 1980s had further worsened the development of ACPs.⁵⁹ Therefore many were “*forced to seek IMF financing, and most had*

⁵² Edwards 2005: 43f; Mayall 2005: 306

⁵³ Linné Eriksen 1996: 10; Ravenhill 2004: 123; Santos 2001: 45

⁵⁴ Gibb 2000: 467; Bell 2001: 207 ff; Pangariya 2002: 1417f

⁵⁵ Matambalya 2001: 37; www.europa.eu.int EUROPA 1 No. 4 Oct 2005, p. 2, 2006-04-03

⁵⁶ Santos 2001: 45f; Abimbola 2005: 242

⁵⁷ Rye Olsen 1997: 306; Rye Olsen 2004: 429; Rye Olsen 2002: 311

⁵⁸ Adam et al. 2004: 1068

⁵⁹ Newark 1995: 223f

also entered into structural adjustment programs with the World Bank”.⁶⁰ At the end of the Lomé convention the ACP countries still lagged behind in development in spite of the long-time extensive EU ODA funding.⁶¹ Less EU import came from ACP countries. In 1970 the ACPs had exported more to the EU than any other region in the Third World. Thirty years later they were the least important partner within EU external relations.⁶²

During the re-negotiations of the Lomé the Berlin Wall had fallen, which vitally changed the European perspective, since the Union now could fulfil its ambitions to become a great international actor. Although Africa urged the EU to “not forget their ‘friends in the South’”⁶³, there was a clear shift in EU focus towards Central and Eastern Europe in terms of aid and trade.

At the end of the Lomé Convention, it was evident that it had not lived up to its expectations. The agreement had rather continued the periphery’s dependency-relationship to the core. There had also been problems with the distribution of aid. According to *Africa Confidential* the EU had earmarked €32.8 billions for ACP aid in 1985-2000. However, only €21.8 billions were actually spent.⁶⁴ Therefore, changes in the partnership agreements were necessary.

It was apparent that many ACP countries had not managed to follow the economic development of the rest of the world. This had to a great extent additionally been caused by the fact that the Third World no longer was the battle-scene for the two superpowers, and was no longer in the focus of the West.⁶⁵

2.3.3 Cotonou Agreement

The Cotonou Agreement (CA) replaced the Lomé system in 2000 and was signed by 77 ACP⁶⁶ countries for a period of 20 years⁶⁷. The new agreement increased the political conditionalities which had developed in the re-negotiations of the Lomé Conventions. New enforcements included more pressure on the ACP countries to participate to a greater extent within the global WTO trade system. Pressure had been put on the EU to reform its agreements with the ACP group, to comply with WTO regulations. The Union had also been accused of trying to force through agreements with the ACPs on matters that the latter had already turned down in previous WTO negotiations. However, the EU had kept on finding loopholes to enforce its preferences.⁶⁸

⁶⁰ Newark 1995: 232

⁶¹ Easterly 1996: 19

⁶² Linné Eriksen 1996: 12; Mayall 2005: 307

⁶³ Bretherton – Vogler 1999: 120

⁶⁴ Koulaïmah-Gabriel 1997: 16f; *Africa Confidential* 2004: 7

⁶⁵ Dearden – Mira Salama 1981: 899

⁶⁶ See Appendix I for list of the 77 ACP Cotonou signatories.

⁶⁷ Smith, K. E. 2003: 56; <http://www.ictsd.org/issarea/africa/index.htm> p. 3, 2006-04-03

⁶⁸ Edwards 2005: 44; Vyllder 2001: 147; Melber 2005: 39

The CA aimed at integrating regional economic co-operation and movement towards expanded FTAs, customs unions and single markets among the ACPs. The agreement was quite challenging since regions within the ACPs were highly heterogeneous and therefore faced difficulties in establishing a stable economic co-operation that would be able to compete on the global arena.⁶⁹ It did, however, offer a better starting point for the ACPs than what the Lomé had accomplished. This group had had more ways of influencing the negotiation of the new agreement and pressure the EU to introduce reforms that were more compatible with the separate ACPs' specific needs. The latter pressured for more partnership oriented co-operation and thereby changed some of the Union's preferences. The ACP demanded that the EU distributed aid more in the shape of technical and educational assistance, instead of simply economic contributions.

2.3.4 Current Conditions and Relations Today

Even though the European Union has worked hard to promote development strategies and aid contributions internationally, more than half of all ACP countries were still among the least developed in the world at the beginning of the new millennium.⁷⁰ They were also aid dependent in the sense that the state in these countries is unable to deliver basic public services without external funding and expertise.⁷¹ This indicates a failure in the goals set up some twenty-five years earlier.

There is also the fact that EU development aid shifted focus in the 1990s when the economic contributions to the ACPs decreased and a growing amount was invested in Central and Eastern European countries. In the first few years of the 21st century, these countries came to be among the top ten recipients of development aid in the world.⁷² We will therefore now turn to the Central and Eastern European countries' situation and relations to the EU.

2.4 EU Relations with the CEECs

After the collapse of the Soviet Union, the newly independent states (NIS) concluded a number of bilateral trade agreements under the leadership of Russia. This led to the creation of the Commonwealth of Independent States (CIS), which was established to promote regional economic integration.⁷³

⁶⁹ Dearden – Mira Salama 2002: 906; Vylder 2001: 161ff

⁷⁰ Bretherton – Vogler 1999: 122

⁷¹ Goldsmith 2001: 123

⁷² White 2004: 236ff

⁷³ Dupont – Engelen 2004: 169

After the fall of Communism and the end of the Cold War, many of the CEECs turned their focus towards Europe, the EU, and NATO.⁷⁴ Since a new situation had now risen at the borders of the EU, the Union felt a pressing obligation and interest in ensuring the NISs' stability,⁷⁵ as well as increasing its core power in the area. This could also be seen as part of a further integration of Europe.⁷⁶ Therefore, the EU aimed at improving the access for the CEECs to the EU market as well as improving their infrastructure. In order to do so projects depended heavily on external financial aid to the East. This led to the establishment of the European Bank for Reconstruction and Development (EBRD) which, provided some specific conditions were fulfilled, financially assisted the transitional economies.⁷⁷

2.4.1 PHARE

Those Eastern states that were most willing to reform were assisted additionally by the newly established EU aid program Economic Reconstruction Aid for Poland and Hungary (PHARE).⁷⁸ *"In order to become a recipient, the applicant states had to fulfil a number of economic and political conditions:*

- *Ensure the rule of law*
- *Respect human rights*
- *Establish a multiparty political system*
- *Ensure free elections*
- *Institute a market economy*"⁷⁹

Initially the fastest reformers were Poland and Hungary, wherefore they were the only beneficiaries. Later on, financial aid was also distributed to their Eastern neighbours and the Baltic States. The fund had the objective to assist the semi-peripheral CEECs to take care of themselves. However, in the 1990s some of the post-communist states relied so heavily on official aid assistance through PHARE that it amounted to nearly a quarter of their GDP.⁸⁰

As the EU's priorities changed, the CEECs came to replace the ACP countries as the primary focus for EU aid and trade. Several large changes within international development aid had followed the end of the Cold War. Not only did the already small group of donors decrease, but the existing, large group of recipients had increased significantly.⁸¹ Along with this development the CEECs increased its power to influence the shape of their relations with the EU. The co-

⁷⁴ Edwards 2005: 45

⁷⁵ Ravenhill 2004: 126; www.sida.se, 2006-04-03, p. 1

⁷⁶ Reis Coutinho 2001: 232; Ravenhill 2004: 130

⁷⁷ Dupont – Engelen 2004: 152

⁷⁸ Ibid.; Andersson 1994: 26f

⁷⁹ Dupont – Engelen 2004: 153

⁸⁰ Ibid.; Lehrer – Korhonen 2004: 594; Andersson 1994: 33

⁸¹ Mayall 2005: 301; Degnbol Martinussen – Engberg Pedersen 1999: 23

operation was gainful enough for the Union to acknowledging the importance of obliging the Eastern states in order not to risk the growing relationship.

2.4.2 Candidate Countries

After entering negotiations for EU membership, and thereby becoming part of the core, the candidate countries⁸² continued to receive extensive financial aid from the Union, partly through PHARE. Before joining in May 2004, the accessing countries received so-called pre-accession aid worth about €3 billion in 2003 alone. After having joined, the applicant states were aware of and tempted by the EU's regional funds and the benefits they could provide as well as the power that came with core status. In the mean while, the PHARE program offered the economic assistance that would be required for a smooth transition at the enlargement.⁸³

As the candidate countries to some extent had weak economies and fragile democracies, the EU was forced to reform certain policies in order for the Eastern neighbours to become members of the Union on equal terms.⁸⁴ Since the candidate countries' starting point was less favourable than established members, the Union lowered their demands, in order to make them more compatible for an integrated, common market.

In having negotiated new aid agreements and conditions on partners, the EU had had great advantage in tempting the Eastern Europe with potential membership to the Union. The reality of a membership in the near future was very beneficial to these countries wherefore the EU could use its core power and influence here to a greater extent than in other regions.⁸⁵

Although there was still a gap in the level of economic development between established and new members at the time of the 2004 enlargement, the accessing countries had made great effort to reform, not just because of aid conditions put on them by the EU.⁸⁶ Having been the outsiders, they would now be part of the core group that had great influence on the world agenda. This was a crucial motivation for these countries to join.

With the EU membership the new countries of the Union also made a transition from having been receivers of economic contributions to enter the group that comprised the largest giver of international financial means in the world. The expectation on them to now take on the role and responsibility of donors was a fundamental change in their political system and possibilities to influence other parts of the world.

⁸² Romania and Bulgaria did not enter the Union in May 2004, but were candidate countries set to join later.

⁸³ *Europe: We're doing all right...* 2003; Beek – Neal 2004: 602; Bailey – De Propis 2004: 77

⁸⁴ Beek – Neal 2004: 593

⁸⁵ Smith K. E. 2004: 1f

⁸⁶ Lammers 2002: 230

3 Analysis

Our ambition with this study is to investigate whether the World-system theory offers a good explanation of the distribution of EU foreign aid to third parties over the past fifty years. We have investigated the co-operations of the EU-ACP and EU-CEEC respectively. In order to analyse whether or not the theory provides a possible explanation of the development of these relations, we will first present in what ways the theory confirms the outcome of the case. Secondly, we will discuss what would contradict the validity of the theory in this case. This will be followed by some concluding thoughts on the international community and development aid, as well as the EU as an international actor and aid donor.

3.1 Why a Typical Case of WST?

The EU's relations with both the ACP and the CEEC are an example of how the world-system theory explains the world order. The way that new agreements have been negotiated and how new demands have increasingly been put forward show the structures of the relationships between the three groupings. In both relations with the CEEC and the ACP, the EU has taken the role of the core and decided the directions and content of multilateral co-operation. The semi-peripheral CEEC and peripheral ACP have to a different extent benefited from this establishment.

Being the dominant player, the EU has been able to extend its pressure on recipient countries and partners. Originally, the Union singled out which countries that would benefit from the aid programs. In the demonstration of its power, the Union mainly selected former colonies of the member states. Most of the recipients had recently become independent, wherefore the arrangement reinstated the former dependency relationship between the core and periphery, in a neo-colonial form. Through the years, the Union would also demonstrate its authority in the relationship by choosing where the funding would go and to which extent it would be distributed.

Today, the world is more liberalised than ever and the capitalist system dominates many spheres. Therefore, the WST is an interesting and in many ways an applicable approach in explaining how the world works. With it giving great importance to economic flows and inequalities in-between countries of the world, the system has provided an interesting approach to the EU's international aid relations.

3.1.1 The Case of Central and Eastern Europe

According to World-system theory, countries in the semi-periphery strive to reach core status. When the CEECs acceded to the EU, they had achieved what many countries had aimed for and failed. Not just in the sense of EU membership, but to enter the core sphere where, according to World-system theorists, the influence and power lie. They had thereby gone from pure semi-peripheral status to centre in a mere 15 years.

Just like Wallerstein had argued concerning the semi-periphery, these countries had experienced periods of instability in their past. Throughout the 20th century the countries of Central and Eastern Europe had faced revolutions, wars, and foreign occupation. However, when they finally reached the goal of becoming both NATO and EU members, the transition was quite smooth, peaceful and swift.

Therefore, the Central and Eastern European accession to the EU in 2004 exemplifies the WST's idea of semi-peripheral countries aiming to become part of the core, and thereby gaining the power and influence the theory proscribes the centre. The centre, i.e. the EU, also had visible advantages in including more countries and peoples into the Union. In its strive to become an international player there were benefits for the Union in increasing its territory of influence, as well as increased the number of people it represented in international negotiations.

3.1.2 The Powerless Periphery

When the EU grouped the heterogeneous ACP countries together in one category it was the first demonstration of the Union's power in their co-operation. Newly imperialistic tendencies were thereby apparent in the EU-ACP relationship. The findings of this study has indicated that in the 50 years that has passed since most of the peripheral states' independence, the centre still sets the agenda and ascribes itself special preferences in their relations. An example of this is the dumping of abundant EU products in Africa.

The outcome of EU aid distribution to the ACP countries have also had varied results. In spite of extensive economic funding, most of these countries have not managed to industrialise or reach a higher level of development. Perhaps if the EU really wanted to make a difference in this part of the world, it could have used its authority and influence to ensure the continued development of these countries. Therefore, the stagnation in development in the Third world could perhaps be the result of some EU hidden agenda. Since, according to Wallerstein, the core uses its influence to ensure its own priorities getting preference. For example, the CAP has always been prioritised within the EU, and has proven to be more important than helping the Third World getting back on their feet. A sensitive matter for the core has thereby had great affect on international development.

Additionally, the EU has extended its demands on the ACPs receiving financial support, such as respecting human rights. Most of the aid recipients have not been able to fully meet these new demands. The conditions laid on them by the core do not take into account the most urgent needs of the periphery. It seems as if the bureaucrats in Brussels do not take local conditions into consideration

when deciding upon development aid distribution to the ACPs. By grouping this many countries together and only negotiating with regions, the EU makes it close to impossible to address anyone's specific needs.

3.1.3 A Case of World-System Theory

If one compares the EU's past in aid relations with the ACP and CEEC respectively, the possibility for the Union to tempt its Eastern neighbours with membership must have had a great impact in their priorities in aid distribution. In the end, including the CEECs into the centre favoured the core's interests and therefore became a reality.

Unfortunately, this proceeded at the expense of the periphery, which once more was left behind while the gap to the centre increased further. The periphery is still in a powerless position coloured by poverty and underdevelopment. Therefore, they have no chance to influence the rest of the world or possibility to obtain any power position that would increase their chances of acceding semi-peripheral status.

When it comes to the EU's distribution of ODA in the past there has been an interesting and alarming development towards increased funding to Eastern regions at the expense of the ACP countries. Mainly the African countries within the ACP have not been able to keep up with the development of the rest of the world. It is therefore interesting that the EU gives money and attention to countries which, according to some, might not be in the same desperate need as the ACPs. This shows that the Union does have some alternative motives behind its distribution of development aid and countries of priority. Possible financial gains attract the EU into cooperation where there are more benefits involved for both parties.

Before becoming a union, the EU was an economic community which focused on trade and market. The financial aspects are still crucial and leading the development of the European Union. Therefore much of its work is also shaped by economic structures and thinking. The financial reasons playing a major part in the development towards less amount of the total EU ODA going to ACPs, is inevitable. This is a further demonstration of the EU's powers as a core, to direct others' possibilities according to its own agenda. These are some of the factors that have indicated the validity of the theory in this case.

3.2 Why is WST not enough to explain this Case?

Why is the World-system theory not sufficient in explaining EU aid relations with the ACPs and CEECs? In the following section we will discuss some of the indications of the theory not being sufficient in explaining this case.

Even though it would have been straight forward to place all countries of the world into three separate categories and ascribe them each and everyone specific

qualities, there are more aspects to take into consideration when trying to explain the world order. WST gives great emphasis to the role and influence of capitalism as the key determinant in the development world order. However, we consider many other factors influential in how countries develop and what their future possibilities will be. Religious, social, cultural, geographical and historical, as well as political and economic factors all contribute to shaping the countries of the world. One cannot avoid these factors when trying to explain what constitutes and shapes the world.

3.2.1 Diversity in the World

According to the WST, the periphery appears to completely lack the ability or possibility to take action or power over decisions affecting its external relations. However, it is noticeable that the ACPs to some extent have had ways of influencing negotiations and the shape of international agreements in which they have participated. Perhaps since the world is becoming more globalised and countries of the world interdependent, there is a new world order underway where the rich countries cannot alone set the agenda. For example, new communications and technology ensures that the LDCs are not isolated from the rest of the world and therefore not entirely excluded from world politics.

The Third World has to a large extent been under the influence and dependency of the West ever since the end of the Second World War. However, it has also had a say in world politics contrary to what the World-system theory proclaims. One might easily associate developing countries with hopelessness and incapability to take action, but they do have ways of influencing international politics and economy. Their geopolitical position can strongly affect their chances of receiving aid irrespectively of their commitment to good governance and equality. Other reasons for the West overlooking e.g. certain developing countries' leaders' unwillingness to introduce democratic reform, can be either alliances or the recipient being an oil-producing country. With the West being highly dependent on oil for maintaining its level of development and industrialisation, it is vital not to damage cooperation and partnerships with the producers and suppliers of this crucial raw material. The West might therefore look the other way when conditions are neglected.

If there is no evident development towards democracy and human rights in the recipient countries (in spite of EU demands), what chances does the Union have to make a difference? And thus, what chances do the peripheral countries have themselves, to make a change? If the EU had had all the powers to force through improvements and reform in the periphery it desired, as the theory prescribes, then conditionalities in agreements would no longer have been necessary. Had this been the case, democracy and human rights would have been part of the Third World's societies. This is a further suggestion that the theory is inadequate.

3.2.2 History and Security vs. Capitalism

What then, speaks against the World-system theory's validity, when looking at the EU-CEEC relations? The semi-peripheral CEEC certainly had several economic advantages in cooperating and eventually joining the European Union. We do not believe, however, that the financial benefits were the overall crucial aspect taken into consideration by the acceding countries. For no matter how grand the financial gains were with joining, the Central and Eastern European countries would not have entered the Union if they had not shared some common values and beliefs with their European neighbours. If one wants to be part of a unity, that unity must represent values one can support and which corresponds with one's own values. Thus, capitalistic mechanisms are not solely determinant in the countries' accession, contrary to what the WST says. With a shared history and common traditions and culture, the CEECs also felt a connection and motivation to belong to the rest of Europe. Therefore, it was only natural for an inclusion to eventually emerge.

There were also security aspects and advantages in cooperating with the core and applying the centre's conditionalities in order to receive aid. The EU in turn saw the opportunities with economic assistance to its neighbours in Eastern Europe. For example, it could prevent economic refugees entering the Union, as well as helping fragile democracies not to collapse. The semi-peripheral countries were a part of Europe even though they were not part of the core; the Union. Instability in these countries would endanger and affect the strength of the Union. One must also remember that the European Union is a mixture of many different countries with different traditions and methods, when it comes to development aid. Different member states saw various advantages in encouraging cooperation with the East. For example the Nordic countries favoured increased relations with the Baltic States.

We have also questioned whether or not the CEECs really acceded to core status when most of them became members of the Union in 2004. They could just as well still be semi-peripheral, although acting within the core area. When entering the Union, they were all subjected to restrictions that had not been put on the old members. This shows a divide in the structure of the Union, and although the restrictions were to be limited in time, they identified problems with the Community being a united, integrated and equal centre.

From this perspective, it is also questionable whether or not the countries of the world can be divided into only three groups? These groups are, according to WST, possessors of certain qualities and opportunities. However, we have found that dividing the world into three main categories is in no way sufficient enough to explain international relations and the world order. The countries of the world could easily be divided into an infinite amount of groups, and perhaps also sub-groupings. Considering how the EU handled the 2004 enlargement transition and the regulations that were put on the new members, we suggest that there could as well be sub-groupings within e.g. the three main groups.

We have therefore come to the conclusion that world-system theory provides some explanations of how EU international aid relations have developed, but that

the theory lacks crucial elements and explanations such as political and historical factors. Defining the countries according to their economic capabilities can give an important perspective, but not the overall picture. The theory does therefore not offer a complete and sufficient explanation of the structure of the world. This leads us into further discussions about the world system and how the world works. We will further develop questions and thoughts which have arisen during our study of the European Union and the World-system theory.

3.3 New Realities, New Challenges

Since the world is not as black and white as the World-system theorists' ontological approach assumes, we are inclined to further discuss the thought of development aid in the current world order. What other crucial aspects are important when researching international relations and aid?

3.3.1 A New World Order

There are several visible Marxist and Neo-Marxist tendencies in the idea of giving aid. ODA is in itself built on Marxist principles, where economic contributions can be used to even out inequalities and contribute to better opportunities for a greater number of people. The industrialised world should therefore offer opportunities to those countries less developed.

In order to introduce a liberal economic system and provide sufficient aid to the developing countries, one must emphasise the importance of combining aid and trade in international relations. This is to give the countries of the Third World the possibility to participate equally in the world system. Further offering the tools and know-how in matters concerning industrialisation and development would increase these countries' and their populations' future possibilities to develop.

At the end of the Second World War the West emerged victorious. Expectations grew for liberalism, capitalism and free trade to be the future for developing the world. Therefore problems occurred when international trade regulations did not ensure fair trade and prosperity in the Third World. Even though extensive amounts of EU money had been donated to the developing world ever since their independence, many recipients did not, and still do not, comply with human rights or democratic principles. Naturally, giving extensive resources with specific directions over a long period of time, and these not being fulfilled by the recipients can give the donor a sense of hopelessness. The EU contributions to the ACPs has had varied results, some of them indicating a lack of will among recipients to reform. This would have been a further reason for the Union turning more towards increased co-operations with Eastern neighbours, where more optimistic results were visible. These results might have been even more visible to the EU as the CEECs were geographically much closer to the

Union than the ACPs. Thereby, the results and future possibilities revealed in the East would have been more tempting to the EU.

The EU gives prominence to solving situations through negotiations and diplomacy, and punishes violators primarily through economic sanctions. The fact that threats of sanctions have not been sufficient in all cases, has lead us to speculating whether the EU's soft power-style is not enough to force violators to reform. This further questions the EU's role as a centre according to the WST, as it then theoretically should have the power to lead others completely. These thoughts have lead us to believe that the weight put on the EU as the largest aid donor in the world, does not necessarily indicate it being the most influential force on the planet.

3.3.2 International Aid Distribution

Many critics of the European Union political system claim that the Union should not pressure other countries on democratic reforms when the Union itself suffers from a democratic deficit. Not only does this threaten EU legitimacy as a donor, it can also complicate negotiations and partnerships. There is a lack in discussing these aspects in current academic writing and publishing. We would have found it very interesting and important to learn more about this problem and see a further debate flourish. It is, however, a dilemma not given much focus to in the international development aid discussion.

Although we have given attention to conditions like human rights and democratic principles, there are also an additional set of commonly used conditions, such as equality, environment protection and good governance. These are equally important for the possibility among the countries in the Third World to develop. For example, we believe that there is a strong connection between the level of development in a country and women's rights and possibilities in the society. Since women are considered by many to be the foremost keepers, bearers and transferors of traditions and culture, they have great opportunities to influence generations to come. It is therefore crucial to encourage women's participation and education in developing countries. For those developing countries where only the male population receives education, chances for development are reduced. When only half of the population in a country is allowed to fully participate in the society, democracy is impossible since it requires representation of everyone.

Another problem with aid distribution concerns the area of corruption. Past and present experiences of corruption in developing countries still constitute problems for the development process. Development aid has many times been deprived from the poor populations and ended up in the disposition of corrupt officials or governments. Although demands concerning transparency, accountability and equal distribution have been put on receivers, EU money has on several occasions been manipulated in the process. Although the Union is aware of the problem and constantly working to prevent corruption, it is difficult to overlook the whole process. This shows that no matter how influential or

powerful a region – or core – can be internationally, it cannot have complete control of other actors.

Lastly, there are both advantages and disadvantages with bilateral and multilateral aid respectively. By multilateral agreements exclusively, the EU has made sure that it will have a more favourable starting point in the co-operation. It gives the group of aid receiving countries less chance to negotiate on their specific preferences. For example, the ACP group being packed together by the EU have been forced to accept and negotiate on the questions everyone in the group can agree on or are the most urgent. This is the downside of multilateral systems. However, there can be negative aspects with bilateral agreements as well. In being the only negotiating country with the donor, more pressure can be put on the receiving country to comply with the donor's conditions. Thereby there is a risk that the donor's priorities get the upper hand. In addition to this, there are also better opportunities for recipients to organise and work together and thereby put more pressure on the donor as a group. In the EU-CEECs case, where bilateral co-operations were more frequent, the latter managed to take advantage of the system and force through its own priorities. Therefore, it can be possible to use both multilateral and bilateral systems to one's own advantage, whether one is donor or recipient. Opportunities depend heavily on the starting point and situation of the parties.

Thus, as there are new visible challenges on the world arena, the World-system theory might not be as applicable as it once was thought to be. It might not take into consideration aspects and factors that dominate a more globalised world. The world in the 21st century is very different from what it was when the countries of the Third World became independent and bipolarity constituted the world order. There is also a constant process of change and development in the world which affects the focus of the wealthier countries. Even though there have been evident problems with aid distribution over the years, the donor countries are by no means ending the distribution. The funding are, however, delivered in different ways. The continued commitment and strive for developing the Third World (and thereby eliminating Wallerstein's periphery), is after all the main concern.

4 Conclusion

In this study we have had the EU as a starting point and examined how a set of integrated countries can co-operate within an area with such diversity in traditions and working methods. In order for this not to become a “we feel sorry for Africa”-project, we have tried to work with the political and not moral aspects and issues of the EU’s aid distribution. We have used the World-system theory in order to analyse the phenomenon and the entirety of how the processes works.

Our aspiration has been to explain the international aid distribution of the European Union and whether these procedures can be explained with the help of WST. Giving the EU the core position, according to WST, with it being the donor of economic contributions we chose to investigate its aid relations with the Central and Eastern European countries and the African, Caribbean and Pacific countries. In this model or case study we attributed the role of semi-periphery to the CEECs and the ACPs thereby constituted the periphery.

The World-system theory explains how the relations between these groups and the EU have worked in aid and international cooperation. Like Wallerstein had suggested, the core countries obtained the overall power in decision-making in the relationships. Although there were new methods in shaping the partnership agreements, the periphery did not develop much further and remained more or less unable to influence both its own situation and the international agenda. The semi-peripheral countries in the East reached and were incorporated into the centre. With the investments and the financial gains the EU saw in its neighbours, the CEECs came to be the most important partners of the Union after the end of the Cold War.

To conclude, we have found that the WST is not sufficient enough to explain how the relations between these different parts of the world have developed since the end of the Second World War. Even though the EU had obvious benefits in investing in the East, and seeing how aid to the ACPs has not had the desired results, financial aspects are inadequate in trying to explain this development. We believe that factors such as geopolitical position; geographical, historical and security aspects must be taken into consideration when seeking to understand which paths the EU have chosen to take. For example, with the end of the Cold War and the Third World thereby no longer being in the focus of the world, Western interest in the ACP was decreased significantly.

Both financial, security and historical factors have affected the EU’s relations with the CEECs and ACPs in extensive ways, and thereby the future of these regions. Had Wallerstein been right, the EU soft-power style and financial influence globally would have been enough to reconstruct the development-map of the world.

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For further research

www.sida.se/shared/jsp/download.jsp?f=SIDA1113sv++EU-bistand+2005_web.pdf&a=2122 2006-04-03 Sida on the development work of the EU.

www.sida.se/shared/jsp/download.jsp?f=EUs+utvecklings.pdf&a=3110 2006-04-03 Sida on the development work of the EU.

Appendix I. List of ACP countries

AFRICA

Angola
Benin
Botswana
Burkina Faso
Burundi
Cameroun
Cape Verde
Central African Republic
Chad
Comoros
Congo (Brazzaville)
Congo (Kinshasa)
Djibouti
Equatorial Guinea
Eritrea
Ethiopia
Gabon
Gambia
Ghana
Guinea
Guinea Bissau
Ivory Coast
Kenya
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Mauritius
Mozambique
Namibia
Niger
Nigeria
Rwanda
Sao Tome & Principe
Senegal
Seychelles
Sierra Leone
Somalia
South Africa
Sudan
Swaziland
Tanzania

Togo
Uganda
Zambia
Zimbabwe

CARIBBEAN

Antigua and Barbuda
Bahamas
Barbados
Belize
Barbuda
Dominica
Dominican Republic
Grenada
Guyana
Haiti
Jamaica
St. Kitts & Nevis
St. Lucia
St. Vincent
Suriname
Trinidad & Tobago

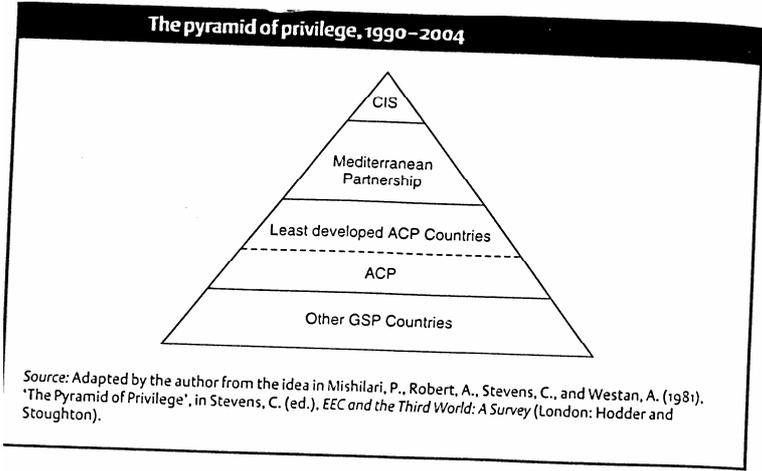
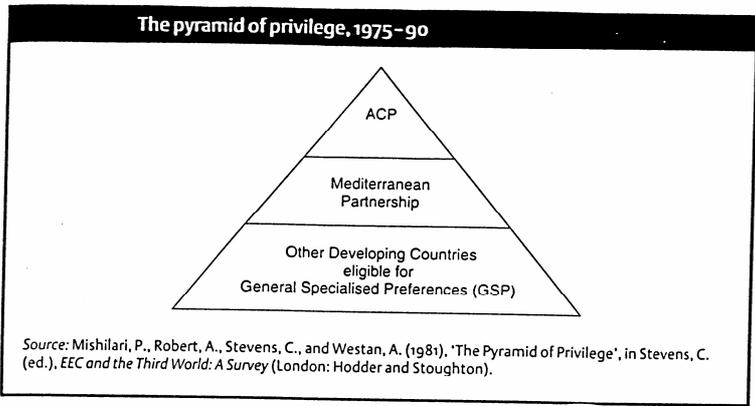
PACIFIC

Cook Islands
East Timor
Federated States of Micronesia
Fiji
Kiribati
Marshall Islands
Nauru
Niue
Palau
Papua New Guinea
Samoa
Solomon Islands
Tonga
Tuvalu
Vanuatu⁸⁷

⁸⁷ Complete list from www.europa.eu.int EUROPA
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Appendix II. The Pyramid of Preferences

The EU's aid policy towards developing countries has often been described by scholars as a pyramid of preferences or privileges.⁸⁸



⁸⁸ Reyes – Delgado 2001: 241. Figures from Mayall 2005: 299 + 302

Appendix III. International Development Assistance 2000–2002 ⁸⁹

Overseas development assistance, 2000–2002: EU, EU member states, US, and Japan					
US \$m	Actual		As % GNI		
	2001	2002	2000	2001	2002
	EC	5961	6561		
EU MSs* combined	26,288	29,949	0.32	0.33	0.35
<i>Of which</i>					
Austria	533	520	0.23	0.29	0.26
Belgium	867	1072	0.36	0.37	0.43
Denmark	1634	1643	1.06	1.03	0.96
Finland	389	462	0.31	0.32	0.35
France	4198	5486	0.32	0.32	0.38
Germany	4990	5324	0.27	0.27	0.27
Greece	202	276	0.20	0.17	0.21
Ireland	287	398	0.29	0.33	0.40
Italy	1627	2332	0.13	0.15	0.20
Luxembourg	139	147	0.71	0.76	0.77
Netherlands	3172	3338	0.84	0.82	0.81
Portugal	268	323	0.26	0.25	0.27
Spain	1737	1712	0.22	0.30	0.26
Sweden	1666	1991	0.80	0.77	0.83
UK	4579	4924	0.32	0.32	0.31
USA	11,429	13,290	0.10	0.11	0.13
Japan	9847	9283	0.28	0.23	0.23

* MS = member states.
Source: author's calculations from OECD data, 2003
(<http://www.oecd.org/dataoecd/3/2/22460411.pdf>).

⁸⁹ Table from Mayall 2005: 309