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Inhaltsverzeichnis

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The European Investment Bank's Concept of Development: Economic Growth at any Cost

The role played by the European Investment Bank (EIB) in development has recently expanded. However, it has not been examined yet whether the EIB draws on a coherent vision of development outside the EU and, if so, what it looks like. Although the EIB was already operational in Africa in the 1960s, it has come under scrutiny only in the last few years, and only by a few NGOs (cf. Colajacamo 2006; WEED 2008; Wilks 2010). When reading texts related to development published by the EIB, one can be surprised at how smoothly and non-problematically the issue of development is presented. An optimistic vision is put forward of how the EIB shareholders' interests somehow automatically accord with the needs of developing countries. Other IFIs have been challenged as regards their ideological input into creating and shaping global development discourse, specifically, with the aim of attaining shareholders' geopolitical interests (cf. Cox 1996; Bøås/McNeill 2004; Ngugi 2006). The aim of this article is to perform a similar task – namely, of identifying the EIB's concept of development, its theoretical foundations in the framework of development economics, and its discursive characteristics. Addressing these issues can help in answering the question of whether EIB does its part in perpetuating the hegemonic discourse of development, as practised by other IFIs.

Development economics is a very diverse social science discipline and can be approached in various ways in discussions of economic development and growth. Many currents, traditions, schools, and theories can be identified within it. For the purposes of this article, development economics – as a separate sub-discipline of economics established and institutionalised after World War II – is divided into four more or less coherent currents: early development economics, the Washington Consensus, the post-Washington Consensus, and heterodox development economics. It is an arbitrary categorisation and is in no way intended to provide an exhaustive review of the discipline or to draw sharp lines between the currents. Far from insisting that it is the only valid one, the division rather serves the purpose of presenting a variety of theoretical approaches – both within and outside the mainstream of development economics, both in its post-war history and in the present – from which the EIB could possibly draw its inspiration. As the EIB is conceived, in this article, as an institution fostering economic development, the four currents constitute a sufficient reference point for its development discourse. It is hypothesised that the EIB is not inspired by the whole variety of development economics theories but draws, rather, on a quite limited selection of theories in its development discourse. Therefore, it is likely that some currents of development economics will be mentioned only in the theoretical review, the EIB development discourse not providing them with an opportunity to be considered in more detail.

Methodologically, this article draws primarily on the work of Fairclough (2003) on critical discourse analysis (CDA). The EIB's concept of development is identified through studying the Bank's development discourse, in particular its textual forms. Despite only a few direct literature references, observations in this article are based on a rather extensive study of a broad sample of the EIB development related texts (they include annual reports, analytical staff reports, web texts, brochures and flyers etc.; their audiences vary, too – the general public, the management of the bank, market investors etc.). CDA focuses on the dialectical relationships between discourse and other elements of social practices. Texts are are implicated in social networks, and the meanings of texts can have causal effects and bring about change. One type of effect, namely ideological, is crucial for my argument as it can contribute to establishing, maintaining and changing social relations of power, domination and exploitation. It is in this context of power relations that the EIB texts related to development are scrutinised, and the article also tries to decipher the ideological assumptions on which they rest. The article focuses on the 'interdiscursive' and 'intertextual' aspects of EIB's texts – reflecting how they draw upon and articulate together different discourses, and incorporate, recontextualise and engage in dialogue with other texts. Finally, this article subscribes to Fairclough's notion of 'critical social science' – a social science which is motivated by the aim of providing a scientific basis for a critical questioning of social life in moral and political terms, e.g. in terms of social justice and power.

1. The EIB and development

The EIB was created in 1958 under the *Treaty Establishing the European Economic Community* to provide long-term finance, mainly for infrastructural integration of what would later become the European Union. The EIB has become one of the largest IFIs in the world. With an annual portfolio of EUR 57.6 billion for 2008, the EIB is responsible for about double the volume of financial investments made by the World Bank. The EIB is a non-profit, EU policy-driven public bank which invests in projects that further EU policy objectives. The EIB is primarily an investment bank and, unlike the World Bank and other IFIs, it does not invest in programmes of structural reforms and transformation. The EIB has a dual identity as a European institution and a bank. While operating within the EU framework, the Bank is financially autonomous, with a capital of EUR 232 billion, subscribed by the EU Member States, which are the EIB's shareholders. The 27 Member States of the EU jointly provide the EIB's capital, their respective contributions reflecting their economic weight within the Union. Only 5% of the capital is paid in. EIB is a self-financing organisation which raises the bulk of its lending resources on the international capital markets where long-term funds can be raised through bonds and other types of security.

The EIB's investment portfolio, mission and area of interest have been developing and growing substantially since its creation, and the EIB is now a major financier of development projects around the world, with EUR 6.15 billion, or more than 10% of its overall lending portfolio, lent outside of the EU in 2008. Such global expansion is the result of political decisions by the Council of the EU to extend mandates originally given to the EIB. The first global 'development mandate' was given to the EIB by the Council in 1997 (Council Decision 97/256/EC). The EIB has recently decided to identify itself also as the EU's 'development bank'. However, despite some level of expertise, and despite its clear development role and impacts, the EIB (if compared, for example, with the World Bank) has not elaborated any genuine research or analysis on the issue of development. In the region of Africa, Caribbean, Pacific (ACP), EIB lends under the framework of the EU-ACP cooperation legislative documents (previously *Yaoundé* and *Lomé Conventions*, now *Cotonou Agreement*), focusing on infrastructure, energy, financial sector and small and medium enterprises, industry, and services. Lending of the EIB in the Asian and Latin American countries (ALA) is governed by the mandates from the Council of the EU. Previously formulated as financing projects of 'mutual interest' in the region, the EIB's recent objectives in ALA are to contribute to environmental sustainability (including climate change mitigation), to the energy security of the EU, and to continue to support EU Member States' FDI projects.

2. Economic growth and development in the framework of development economics

After introducing the EIB and its relation to development, let me briefly present the four currents of development economics thinking. Early development economists do not represent a homogeneous group of thinkers. However, there is quite a distinct line that divides them from mainstream (mainly neoclassical) economics before and after. The most important distinction is the conviction commonly shared by the early development economists that economic development involves a thorough economic, political, and social systemic transformation that will not come about spontaneously (it is necessary to stress that in these times, practically everybody saw an important role for governments in development and even those usually opposing government interventions were inclined to see development as an exception). Such transformation requires the reallocation of productive factors from traditional sectors (mainly agriculture) to modern sectors (modern agriculture, industry and services). Successful reallocation involves shifting resources from low to high productivity sectors and thus accelerates economic growth (Ocampo 2008: 1). It is therefore no surprise that early development theorists argued, first and foremost, for an intended and massive industrialisation; economic growth and development should, they believed, have followed. This particular form of 'development Keynesianism' implied redistribution towards high-income groups – they were supposed to save and invest. The 'growth first, redistribution later' approach was based on the idea that the initial unequal concentration of resources (Kuznets's inverted U-curve) in a modern industrial core would later lead to 'spread and trickle down' effects also benefitting the rest of the population (Menzel 1993:133-138). This tradition includes Rosenstein-Rodan (1943), Nurkse (1961), Hirschman (1958), Rostow (1960), Gerschenkron (1962), and even the pre-Washington Consensus World Bank.

The abovementioned development thinkers focused primarily on internal dynamics of economic development in less developed countries, and when discussing the international aspect of development, they dealt mostly with foreign aid and investment from rich to poor countries. However, we must also consider the tradition of structuralism in the early development thinking that focusses on structural differences between developed and developing economies, as well as on asymmetrical international relations between the two groups. While agreeing with the above-discussed development theorists that the path to development leads through industrialisation-led economic growth, they were aware of the difficulties regarding the chances of developing countries to achieve this goal. Structuralists were also much more sensitive to the issue of inequality on national levels, and they disapproved of it. Such arguments were put forward for example by Prebisch (1948), Singer (1950), and Lewis (1954).

Concerning the concept of development, the Washington Consensus differs significantly from the early development economics. The latter assumes that underdeveloped societies and economies must undergo a thorough socio-economic transformation, usually via industrialisation-led modernisation, in order to become developed. The former, however, does not call for a structural change, and if it discusses development, then it does so mainly in terms of increasing per capita income and productivity. No major shift in terms of restructuring developing economies is needed; 'restoration' of the 'superior' allocative role of the price system and 're-establishment' of the incentives deriving from private ownership (Waeyenberge 2006: 25), i.e. a pure free-market economy, should be sufficient to achieve the stated objective of economic growth. The Washington Consensus development economics tradition includes, for example, Lal (2000), Bhagwati and Srinivasan (2002), and Krueger (1986).

Economic growth was not the most central developmental concept for the Washington Consensus economists and policymakers. Nevertheless, it had a significant role in this tradition of development economics. In this way, the Washington Consensus was similar to many early development economists, though they understood economic growth in broader and more complex terms. However, the two traditions differ in the question of *how* to achieve the goal of growth. As clearly put by the originator of the term 'Washington Consensus': "None of the ideas spawned by the development literature – such as the big push, balanced or unbalanced growth, surplus labor, or even the two-gap model – plays any essential role in motivating the Washington consensus […] the economic policies that Washington urges on the rest of the world may be summarized as prudent macroeconomic policies, outward orientation, and free-market capitalism" (Williamson 1990). It was accepted that economic growth is inegalitarian – higher levels of income from higher growth were supposed to offset any worsening in (relative) income distribution (Deraniyagala/Fine 2006: 53).

Prudent macroeconomic policies of the Washington Consensus included fiscal and public expenditure austerity and tax reform. The fiscal discipline was a priority – stimulation via large budget deficits was not really tolerated, and deficits were acceptable only as long as they did not result in a rise in the debt-GNP ratio. Another set of policy rules was concerned with interest and exchange rates. Interest rates were to be determined by the market, and also moderately positive in order to discourage capital flight. Exchange rates were also ideally to be market-determined, but it was even more important that they be competitive (Williamson 1990). It was generally believed that import substitution at a minimum had outlived its usefulness and that liberalisation of trade and payments was crucial for both industrialisation and economic development (Krueger 1997: 1).

The term 'post-Washington Consensus' was introduced in 1998 by the then World Bank chief economist Joseph Stiglitz (1998a, 1998b). As opposed to the previous mainstream development economics traditions, the post-Washington Consensus version of development draws on adjectives such as sustainable, egalitarian, and democratic (Stiglitz 1998a: 31). Besides Stiglitz, this current of development economics is represented also by Krugman (1994, 1995), Rodrik (2007), or in certain senses also by Sen (1981), and Sachs (2000).

Stiglitz distanced himself from the early development economics as it underestimated the role of markets and rationality (Stiglitz 2001: 2). However, he distanced himself even more from the Washington Consensus than from the early development economics. Firstly, he pointed out that the Washington Consensus intellectual doctrine is too simplistic – based on simple accounting frameworks and a few economic indicators, such as inflation, money supply growth, interest rates and budget and trade deficits (Stiglitz 1998a: 6). He objected to the excessive focus on inflation – as it was not the most conducive to long-term economic growth, and as it detracted attention from other major sources of macro-instability, namely, weak financial sectors. He further claims that, due to too much focus on trade liberalisation, deregulation, and privatisation, other issues necessary for an effective market economy (such as competition) were ignored (Stiglitz 1998a: 5). Policy recommendations based on such simplistic logic and administered in very short periods by technocratic economists took a form of copy-paste templates applicable more or less in any developing country without regard to its specificities and stage of development.

Secondly, Stiglitz did not attack only the simplicity of the Washington Consensus macroeconomic policy implications, but also its theoretical substance. On the theoretical level, he disapproved of the assumption that competitive equilibrium theorem is universally applicable in developing countries. The post-Washington Consensus explicitly acknowledges that institutions, history and the social more generally, matter. Its understanding of development shifts from one of reliance upon the market to one of correcting market and non-market imperfections (Fine 2006: xviii-xix).

Any analysis of development is incomplete, most heterodox economists would argue, without analysing the phenomenon of 'underdevelopment'. They point to the fact that it makes no sense to analyse economies, and particularly developing economies, as if they were in international isolation. According to them it is exactly the contrary – economies are closely interconnected in one global economy where different countries play different functions. Historically, rich countries have been able to incorporate peripheries into the system in the way that is favourable to the former, but disadvantageous to the latter.

Underdevelopment itself, if defined generally as the poverty, low economic productivity and slow growth, unemployment, low literacy and health levels prevalent in developing countries, was not an original observation of hetrodox theorists. However, they were original in stating that this situation was not ‘natural’ – unlike modernisation theorists but also some structuralist economists who agreed that underdevelopment is due to *the lack of* capitalist development, dependency theorists stressed that underdevelopment in poor countries is an inevitable historical *consequence of* capitalist development in rich countries of the core. It was Baran (1957) who observed as early as 1957 that development and underdevelopment cannot be separated, as the core has historically developed in the context of colonialism, imperialism, exploitation and plunder that *resulted* in peripheral underdevelopment. In a similar vein, Furtado (1967) argues that development and underdevelopment are mutually and dialectically intertwined processes; while Bagchi (1982) goes even further when he explicitly refers to underdevelopment as the process of ‘economic retardation’ or ‘retarded development’. On the national level, a strongly egalitarian national development strategy based on intensified internal orientation and reduction of income inequality was often proposed as an alternative. Other authors working in the heterodox development economics tradition include Cardoso and Falleto (1979), Frank (1966), Dos Santos (1970), and Amin (1990a, 1990b).

3. Analysing the development discourse of the EIB

There is a very strong belief emanating from practically all the development-related EIB documents, that in order to achieve development objectives, economic growth is an absolutely crucial – or rather inevitable – factor. At some places it even seems that the notions ‘development’ and ‘economic growth’ are identical and used interchangeably. Similarly, poverty reduction and alleviation are referred to as the major development objectives. The line of thinking reflected in the EIB documents and statements can be therefore basically summed up as follows: economic growth reduces poverty and brings development. What we can see here is how two potentially contradictory goals – ‘development’ (beneficial *primarily* for the target countries) and ‘investments’ (beneficial *primarily* for the Bank and its shareholders) – are carefully managed; the potential conflict is down-played, i.e. is taken care of by presenting 'development investments' as a win-win deal for both parties. The interdiscursive reference to the 'economical [*sic*] and financial viability of projects' that the EIB supports, which is present practically in all the relevant documents, is an example of how the discourse of development is 'recontextualised' (cf. Fairclough 2003: 32) in the financiers' discourse of profitability.

The Bank, for example, claims that "sustained high levels of economic growth are essential for poverty reduction [...] economic growth is required to break the vicious circle of poverty" (EIB 2006a). The role of the EIB is then defined as providing "the financial resources required to promote the investments that will generate growth", which will contribute to social improvement and other social benefits (ibid.). In other words, the EIB contributes to development by financing projects that will boost the economy. The EIB thinks of at least three concrete mechanisms by means of which economic growth translates into wellbeing or development. The first one is direct – increased employment. The logic is clear – the EIB financed projects are supposed to have "a favourable impact on economic growth and, eventually on income generation" and the increased income gets people out of poverty (ibid.). Secondly, more income also means more tax revenue. The EIB's argument is that "incremental incomes can be taxed, providing resources for the sustainable financing of direct poverty alleviation measures (income transfers and/or provision of goods and services to the poor)" (EIB 2005a: 1). The third mechanism is an indirect one but it is, nevertheless, explicitly stated – improved access to productive resources. For example, an EIB-financed project in Brazil has to "generate significant export revenues, thereby having a positive impact on Brazil's balance of payments" (EIB 2004). To sum up, more individual income, more tax revenues, and more export revenues represent (the proof of) economic growth and its positive impact on development, the Bank would maintain.

On first sight, one may tend to trace the EIB's one-dimensional fixation on economic growth back to the earliest development economists of the 1950s. And indeed, development theorists such as Rosenstein-Rodan (1943), Nurkse (1961), or Hirschman (1958), or the World Bank in 1950s and 1960s, claimed, similarly to the EIB, that economic growth is a primary and absolutely essential precondition for development. However, unlike these development economists, the EIB does not at any point mention socio-economic structural transformation, industrialisation, modernisation and so on as important ingredients that would form its growth strategy. If one considers the fact that the EIB supports development led by the private sector, not by the state, and that the Bank supports the model of developing economies based on unprocessed exports (EIB 2008b), it can be seen that the (extent of the) influence of the early development economics on the EIB is only a deceptive appearance. The abovementioned reflects rather the influence of the Washington Consensus (cf. Williamson 1990; Krueger 1974, 1997; Bhagwati/Srinivasan 2002; Lal 2006; Berg 1981). The EIB seems to assume that economic growth will be just a natural result of prudent macroeconomic policies, outward orientation, and free-market capitalism. And, if the EIB stresses its unconditional dedication to economic growth more than is usual in the Washington Consensus tradition (and thus might create the wrong impression of being inspired by the earliest development economics), then it could be explained rather by a reference to the imperative 'banking' logic of the EIB's staff, i.e. senior officials and loan officers. They tend to maximise the return on the EIB's investments – see the frequent reference to the 'economical and financial viability of projects' the EIB supports (e.g. in EIB 2005a). Maximal returns are most likely to be achieved under the conditions of rapid economic growth.

After reviewing the basic line of argumentation of the EIB, it will be interesting to also scrutinise some relatively secondary but – from the discursive point of view – very interesting observations and comments made by the EIB regarding the 'growth as development' reasoning. For example, EIB seems to be concerned with poverty, but not so much with inequality. The Bank (EIB 2005a: 1) argues that, "even if the poor benefit less than proportionately from economic growth, they stand a much better chance of benefiting from some growth rather than from no growth at all or from per capita income decline". In other words, what matters is the absolute living standard of the poor, not its relation to the rest of society – inequality should not be our concern in a situation when the lot of the poor is improving, even if it should be less rapidly than the living standards of richer people. It thus seems that the EIB – similarly to the World Bank and other IFIs – adheres to an absolute notion of poverty, not a relative one (cf. Birdsall/Londoño 1997).

However, the passage quoted does not tell us only about the Bank's approach to poverty and lack of interest in inequality. It also reveals the EIB's position towards issues such as redistribution, efficiency, and the interplay between the two. The whole argument maintains: "It is commonly stated that growth is a necessary but not sufficient condition for poverty reduction. This is analytically correct – one can think of instances where growth can be associated temporarily with increases in poverty due to, say, the transitional negative impact on employment of trade liberalisation or privatisation. There is substantial empirical evidence reference which shows that economic growth in developing countries is usually also beneficial for the poorest segment of population. Furthermore, even if the poor benefit less than proportionately from economic growth, they stand a much better chance of benefiting from some growth rather than from no growth at all or from per capita income decline. In the latter two cases, reductions in poverty would have to rely exclusively on income redistribution policies. Such policies, however, have been largely unsuccessful in improving the lot of the poor sustainably within a context of economic stagnation or decline" (EIB 2005a: 1).

This paragraph is crucial to understanding the EIB's approach to development – both for what it openly states, as well as for many hidden assumptions. As we shall be able to see, assumptions have a particular ideological significance, and implicitness, which is a pervasive property of text. This has a considerable social importance: "What is 'said' in a text is said against a background of what is 'unsaid', but taken as given […] assumptions connect one text to other texts", claims Fairclough (2003: 40). As he adds, "relations of power are best served by meanings which are widely taken as given. The ideological work of texts is connected to […] hegemony and universalization. Seeking hegemony is a matter of seeking to universalize particular meanings in the service of achieving and maintaining dominance, and this is ideological work." In the following lines one can ascertain how these theoretical observations look in the practice of the EIB quote above. (The EIB's dedication to growth and its equating growth to development is easy to document in the EIB's texts. However, listing all the references here would make little sense as they look very similar and as they *state* rather than *explain*. I prefer to focus on the above stated quote as it is a rare instance of the EIB trying to elaborate on the 'growth assumption', which is elsewhere taken for granted and not explained.)

In the first part of the paragraph, the EIB admits that economic growth *might* go hand in hand with increased poverty. First, let us note that the EIB obviously presents such situations as something extraordinary – the modality of the quoted statements is negative (cf. Fairclough 2003: 219); that is, the EIB simply does not subscribe to and does not identify with the possibilities that it is mentioning. Second, it is believed that usually and in the longer run, the benefits of economic growth certainly outweigh those rare and temporary instances of failure. But third, let us examine what is being compared to what in the sentence "even if the poor benefit less than proportionately from economic growth, they stand a much better chance of benefiting from some growth rather than from no growth at all or from per capita income decline". The situation of poor people under the conditions of economic growth with unequal redistribution is contrasted to the situations of no growth or negative growth.

The possibility of economic growth with equal (or progressive) distribution is not explicitly mentioned. Be it on purpose or by accident, it reflects the bottom-line of the EIB's developmental argument. One possible interpretation is that the EIB assumes it to be almost automatic and non-problematic (with the exception of those few and temporary failures) that economic growth leads to improvement for the poor, but even more so for the rich. That is – the redistribution of its fruits will be automatically regressive, and the authors of the text seem to see no problem about this. The Bank would thus seem not to even consider any other option or model of development. In this case it would mean that the EIB utterly subscribes to the 'growth as development' equation.

Another possible interpretation is that there is an implicit assumption in the argument that redistribution and growth are antagonistic concepts (unlike, in the previous interpretation, where the idea that somebody will try to intervene to promote 'natural' and generally positive developments of regressive distribution of economic growth is considered). Or, to put it in other words, equal (or even progressive) redistribution hinders GDP growth – business is demotivated in order to increase its efficiency. So, in this case, other options are considered possible, but not seen as desirable. This approach starkly resembles the popular phrase "a rising tide lifts all boats" used by conservative economists to defend policies favourable to high income brackets, such as tax cuts and the free-market generally etc. (cf. Lazere 2009).

The omission of the equal growth option in the comparison might well also be a deliberate discursive manipulation. The option definitely seems attractive to many stakeholders (the local population in the target countries, some policymakers, progressive NGOs, many European citizens), but the EIB either does not want to (for the reasons above) or cannot (for the reasons of institutional incapacity) contribute to it. Being silent about this option enables the Bank to avoid defining its role in achieving such a goal; the potential conflict is prevented in advance by a careful textual management, and obfuscation that aims to strategically avoid explicitness (cf. Fairclough 2003: 60). If the EIB explicitly admitted that equally or progressively redistributed fruits of growth are desirable from the developmental point of view, then it would probably have to be more specific on how its lending activities contribute to these developments.

Should any of the three mentioned options or some combination of them be true, one can conclude that – from the Bank's point of view – the optimal option for the poor in developing countries the EIB can support is simply *any* economic growth, without regard to its redistributional aspects. Growth without attributes resembles most the Washington Consensus tradition. Although the 'growth first, redistribution later' argument was already raised by the post-war development Keynesians, they specified that their version of growth would entail structural transformation and, eventually, lead to more equality at a later phase. The post-Washington Consensus's growth and development concepts were explicitly meant to be 'egalitarian'. And inequality is one of the phenomenon most criticised by the heterodox development economists, whereas redistribution is a favoured policy option.

What is interesting next are the last two sentences of the quoted paragraph – they discuss the efficiency of income redistribution policies in a situation of economic stagnation or decline. The EIB's appraisal is rather sceptical but not elaborated and justified enough. In theory – and if we are still analysing the lot of the poorest and not something else (for example, prospects for economic growth) – income redistribution is almost certain to help the poor under any situation. In practice, the EIB text quoted above

(2005a) or any other EIB document fails to identify concrete cases which would prove the validity of the two sentences in question. Here again, we most likely encounter the hidden assumption that, in the longer run (hence the reference to 'sustainably'), equal or progressive redistribution works against economic growth.

Whereas the EIB might formally claim that economic growth is not enough – for example in the first sentence of the quoted paragraph it states that "growth is a necessary but not sufficient condition for poverty reduction" – in reality it does not elaborate this idea and does not identify what else is desirable and what else it does to contribute to development. As discussed in the previous paragraphs and as is clear from the overwhelming majority of documents and statements by the EIB, economic growth is the top priority.

Even in the EIB's relatively most elaborated development-related documents – the reports on partner countries published by the EIB's Development Economics Advisory Service (DEAS) (EIB 2005b, 2006b, 2007, 2008a) – the emphasis is given on economic growth and macroeconomic 'fundamentals'; other indicators and criteria of development are absolutely omitted. Economic growth still works as a proxy indicator of countries' development performance. Four macroeconomic indicators are analysed in the reports – GDP growth, inflation, fiscal balance, and current account balance. When assessing other indicators or phenomena, it is always done in terms of their impact on these four 'fundamentals'. It would probably be difficult to argue that this data is completely unimportant. However, it is quite symptomatic that other indicators and criteria are completely missing in the reports. Here we refer particularly to the indicators of real economy development and productive sector development, statistics in manufacturing growth, agricultural growth, gross fixed capital formation, or indicators of industrial development as used, for example, by UNIDO, or possibly even some socioeconomic indicators, such as unemployment rates, quality of life and human development indices (e.g. Human Development Index) etc. None of these is represented in the DEAS reports.

4. Conclusion and implications

When discussing the issue of development, the EIB does not seem to take into account much more than pure growth. The bank seems to believe that the benefits of economic growth will trickle down to the poorest automatically; that is, the growth will lift the poor from misery; state intervention such as equal or progressive income redistribution policies is not a preferred option. The EIB's simple pro-GDP-growth strategy, its view of poverty, its lack of consideration of inequality and redistribution, and its ignoring of a variety of indicators in assessing economic conditions in developing countries – all this illustrates the Bank's very close affinity to the Washington Consensus development economics thinking.

As discussed, the one-dimensional 'growth equals development' argument, as well as the striking negligence of redistribution, can be identified in the works of the earliest development economists ('growth first, redistribution later') too (Menzel 1993: 133-138). Furthermore, some influence of the post-Washington development economics thinking can be identified in the EIB's DEAS reports. However, the first instance is misleading and the second is marginal. In the former case, the EIB's one-dimensional fixation on economic growth is not accompanied by calls for socio-economic structural transformation, but, rather, economic growth is assumed to naturally result from prudent macroeconomic policies, outward orientation, and free-market capitalism. The resemblance is therefore just a misleading impression and not a reflection of the EIB's inspiration by the early development economics. The latter reference to the post-Washington Consensus is only a marginal appearance. My interpretation of this fact is that the EIB's immediate institutional source of inspiration is the World Bank. The World Bank combines both discourses when producing texts on development, and it was exactly on those occasions when the EIB joined the initiatives of the World Bank that the post-Washington Consensus influence could have been identified. Nevertheless, it has also to be stated that in spite of the close ties with the World Bank, the EIB is conceptually behind the former institution and lags behind its expertise and know-how. In conclusion, one can state that in the questions of what development is and how to achieve it, the EIB draws its inspiration predominantly from the Washington Consensus development economics tradition.

Second, the above summarised development argument is presented in a non-problematic and non-dialogical way – it contains almost no reference to academic sources or to the stakeholders in the target countries and includes many assumptions. If other and contentious voices are introduced in the texts, then it is in a very distancing and questioning way. The EIB's development discourse is solid and presented confidently, with little questioning. This effect is achieved by assuming 'common ground' in the questions of development, and by a skilful textual management of potential conflicts between the EIB's investment activity and development, which are eventually presented as mutually reinforcing. These techniques serve the purpose of maintaining the ideological and hegemonic views of the Bank. However, the EIB not only practices this kind of development discourse, but by promoting itself as an important international actor in the field, it contributes to perpetuating and maintaining the discourse on the global level.

One could legitimately ask why it should be assumed that the EIB's development concept has or should have some ideological inspirations. And second, even if it has, for some social scientists it may simply seem banal to hear that the EIB has some sort of neoliberal development discourse, and that it is similar to the discourse practiced by other multilateral development lenders. If simplified, the conclusions that the EIB accepts and perpetuates the hegemonic global development discourse of IFIs may look somewhat tautological – EIB *is* an IFI, it is a bank, and why should one expect behaviour different from other banks?

This article seeks to make sense in addressing precisely these questions. First, it is possible that many people including the EIB representatives believe that the Bank does not have any ideological background, that some sort of neutral commonsense can be applied. Such a position is contestable, would be very hard to defend, and it could be accepted only provided that the Bank's only declared objective would be to increase the rate of return on investments. However, if the EIB declares that its financing in developing countries is intended to have a positive developmental impact, it is only logical to expect the Bank to elaborate on how this development objective might be achieved. As there are often contradictory ideological conceptions in this question, it is at this point where EIB has to substantiate its position. And this article shows that it clearly does assume the ideological position.

Second, it is one thing not to be surprised to find out that the EIB draws from the Washington Consensus, but another to be able to claim it with a certain degree of certainty. Furthermore, besides indicating the Washington Consensus' influence on the EIB, this article brings up several novel observations regarding the specifics of the EIB in the field of development. Even if compared with other IFIs such as the World Bank, the EIB's development discourse is apparently much less sophisticated, indeed one-dimensionally and anachronistically fixated on economic growth. What is further noteworthy is the lack of genuine research and expertise in development at the Bank. While it can be attributed to a lack of skills, it is striking that references to existing academic work are almost completely missing in its development discourse. I tend to ascribe this relative 'underdevelopment' of the EIB's development discourse to the fact that the Bank had been long out of public sight, and only in the last decade has it become challenged on its operations outside the EU; however, this is only an idea for another research paper, probably a comparative one between the EIB and the World Bank (which has been under public scrutiny since the mid-1980s) and the evolution of their development mandates and discourses.

Third, the ideological conception of development that the EIB espouses happens to be compatible with the interests of the Bank's shareholders. Of course, there does not have to be a causal relationship here and it can be a mere coincidence. On the other hand, however, previous research on other IFIs has shown that declared development intentions of financing activities and the selected 'development ideology' of the Washington Consensus often served merely to legitimise operations in developing countries and shareholders' interest in them. In this sense, the article has presented a picture of the EIB as a tool working in the environment of global financial actors seeking to hegemonise the global development agenda for their own benefit.

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Abstracts

The extent of the European Investment Bank's financing in developing countries has increased. The Bank's concept of development, however, has not been properly researched. This article seeks to identify the central element in the EIB's vision of development and to scrutinise its discursive practices. First, the development discourse of EIB is confronted with development economics theories in an effort to identify its theoretical inspirations. Second, Critical Discourse Analysis is applied with the aim of identifying EIB's discursive techniques. The article concludes that the EIB equates development to supporting any kind of economic growth, without regard to redistribution. This discourse is inspired by the Washington Consensus and applies hegemonic and ideological discursive practices.

Die Bedeutung von Finanzierungen der Europäischen Investitionsbank (EIB) in Entwicklungsländern hat in den letzten Jahren zugenommen. Das Entwicklungskonzept der Bank ist währenddessen noch nicht hinlänglich untersucht worden. Dieser Artikel versucht den Kern der Vorstellung von „Entwicklung" der EIB zu identifizieren und untersucht ihre diskursiven Praktiken. Im ersten Teil wird der Entwicklungsdiskurs der EIB mit entwicklungsökonomischen Theorien verglichen, um dessen theoretische Inspirationen zu erkennen. Im zweiten Teil sollen die diskursiven Techniken der EIB mithilfe der kritischen Diskursanalyse herausgearbeitet werden. Der Artikel kommt zu dem Schluss, dass die EIB Entwicklung mit der Unterstützung jeglicher Art von Wirtschaftswachstum gleichsetzt,

ohne Rücksicht auf die Verteilungsdimension. Der Diskurs ist vom Washington Consensus beeinflusst und wendet hegemoniale und ideologische diskursive Praktiken an.

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