Aid - in whose interest?
Three Decades of Swedish Foreign Aid: A Neo-Gramscian Analysis

Master’s Thesis
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Abstract
This paper offers a critical analysis of changes in Swedish foreign policy and practice during the past three decades. Through a neo-Gramscian theoretical framework it will posit these changes with analyses of the Swedish model of capitalism and the Washington Consensus. Major changes in Swedish foreign aid are found to be; internationalization, an increased focus on agency over structure, the use of political and economic conditionalities, and the increased involvement of private interests. The major reasons for these changes are identified as being the national search for a post-Fordist accumulation regime leading to the development of a competition state, and an international development sector focused on private sector-led growth and trade and finance integration. These two developments are then identified as being part of a global hegemonic project led by a growing class of transnational capitalists that have been successful in framing the discourse so that their fractional interests is presented as being in the interest of society in general. Thus, I conclude that although keeping elements of its uniqueness and sincerity, Swedish aid has become aligned with the interest of financial capital, while turning away from issues that are detrimental to these interests. This leaves the fate of developing nations in the hands of actors that are ruled by market logic, and that are thus liable to withdraw should their short-term profit objectives not be fulfilled.
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1. Introduction
How easy the world of social science would be if everything that occurs could be explained with a simple linear causation. We could foresee all events simply by putting the relevant factors in an equation, and there would never be any surprises. Sadly, this is not the case. The world is a complex place fraught with actors, entities, and structures, all interdependent of each other. Making predictions about future events will always be informed guesses. Any attempt at making simple explanations will, in the best-case scenario, lead to harmless misinterpretations. In the worst-case, a global crisis. The benefit of analyzing social issues, however, is reaching the vantage point where we can make as informed guesses as possible. To identify the few factors amongst the myriad of factors that actually matter the most. It is with this ambition that I embark on an analysis to look closer at an event in the social world. I will put this event in its context, relating it to two other events. In doing this I hope to develop an informed picture of the underlying, but yet not clearly visible, reasons behind it. I will firstly present the two events that I hypothesize led up to the issue that is my research question, then I will present the research question itself.

Many claim that we have left the so-called Washington Consensus (WC), which characterized the way development aid was carried out in the 1980s and 1990s. In very general terms, the WC was the holy trinity of macro-economic stability, liberalization, and privatization promoted by mainly the World Bank (WB) and International Monetary Fund (IMF) in developing countries (Williamson, 1996: 15). Since then many claim that we have moved to a post-WC, which is a supposedly less extreme and more social-liberal version of the former (Kuczynski & Williamson, 2003). When asked the question whether the WC still exists in an interview, Joseph Stiglitz, the WB chief economist from 1997 to 2000, said that: ‘There is a consensus that those precepts [macro-stability, liberalization, privatization], while important, are neither necessary nor sufficient for successful development’ (Multinational Monitor, 2000). A decade later, in 2009 Gordon Brown announced that ‘The old WC is over’ during a G20 meeting attended by the world most powerful state leaders. There seems to be a agreement among the worlds leaders that development assistance had left its neo-liberal orthodoxy and develop a more humane approach to economic development (Washington Post, 2009; Wall Street Journal, 2009).

The same year as the WC was declared dead by Gordon Brown, another consensus-based institution was declared dead: the Swedish model. The Swedish model can mean many things, but in this paper it is the name of the specific model of capitalism developed in Sweden during the 20th century. The Swedish model ‘designed the state’s institutional relationship with business to foster growth through
the success of top corporations within a redistributive system of taxation that encouraged increased productivity and investment. The state's institutional relationship with labor was likewise based upon an equally firm commitment to full employment” (Blyth, 2001: 6). It had many components, but its main characteristic was the consensus-based wage negotiations between unions and business that was overseen, but not regulated, by the state (Schnyder, 2012: 1128). In 2007 the employer organization Svenskt Näringsliv took the initiative to renew the model in order to make it more flexible and ultimately remove the state regulation that was put in place in the 1970s (Arbetet, 2008). However, the negotiations with the major union representatives broke down, while the parties blamed each other for the failure. Consequently the model was declared dead by many commentators, and it is speculated that in the future wage negotiations will become less centralized and where soft factors like equality and solidarity amongst workers matter less (Schnyder, 2012: 1140). Another indication of this ideological shift is the 2010 election when the Social Democratic Party (SAP) suffered their second election loss in a row to a coalition of right-wing parties with the worst election result in the history of the SAP. News of a Sweden in transformation accumulated when the Economist held it as one of the countries in the world that had managed to successfully deal with the crisis. It said that through `... deregulation, budget discipline and an extensive overhaul of the welfare state, Sweden’s economy has been transformed in the two decades since its banking crisis. The new Swedish model is quite different from the leftist stereotype’ (Economist, 2012).

What we see here are two apparent ideological shifts. One on the global level, and one on the national Swedish level. On the global plane, a shift away from neo-liberalism, and on the national plane a shift towards liberalism. It is in this context that it becomes interesting to look at a specific issue, an issue that can be said to be a reflection of a country’s ideological standpoint. Namely, why and how a state gives foreign aid. The development of poor countries has for long engaged any country that would like to think of itself as developed. How this work is carried out and the motives behind it tell us much about how that country views the world and its ideological standpoint. It shows the basic philosophy that underlies the way the country thinks the world looks like, or should look like.

The policy and practice of any specific country’s foreign assistance and aid can be said to be a result of a number of different factors (Odén, 2006: 12). On the most accessible level there are the theories of development that are held as the most accepted ones among practitioners as well as policy makers. These gain foothold and spread mainly through the academic and professional field of development economics, which today revolves around a number of large international organizations such as the
WB, IMF, and OECD. The way that these organizations consent around the question regarding which factors matter in economic development, greatly affects how development aid is carried out by national development agencies. Another important factor is the country specific motivations and goals for undertaking foreign aid work, which leads to certain strategies and policies. This factor is determined mainly by the national political climate, which says by whom and under which political circumstances the development policy is written. Underlying all of this is the international political economy, which is characterized by its most powerful state and non-state players, who fight to establish dominant discourses. Thus, two underlying hypotheses in this paper are the importance of the multilateral development organizations and the domestic political climate in framing development issues on a national level.

While the motive for Swedish foreign aid has remained rather constant since 1962, when the first specific foreign aid policy was drafted, the strategies and policies have changed considerably. In the proposition by the Swedish government from 1962 it is stated that the efforts to spur economic growth in other countries are deduced from: ‘feelings of moral duty and international solidarity’ (Prop.1962: 5). However, the policy and strategy has changed in a wide range of areas, I will show changes in the: policy and rhetoric, focus areas, international cooperation and convergence, and involvement of private interests.

1.1. Research question

Rather than simply stating that any state’s policy and practice of foreign aid is simply a mix between the widely held theories and a certain political climate, I wish to go beyond this. Establishing a causal relation between these policies and practices simply describes a state or process, it does not explain them. The main purpose of this paper is to understand: what were the main causes of the changes and developments in the policy and practice of Swedish foreign aid from 1980 until today? My research will take its starting point in a case study on the foreign aid work of Sweden in Tanzania. Tanzania is one of Sweden’s oldest aid partners and aid started flowing from Sweden in 1964, and in 2012 Tanzania was the largest recipient of Swedish bi-lateral aid (OECD, 2013; Weeks et.al. 2002). To answer the research question, one must find and understand the powers and structures behind it. The following sub-questions must be addressed before an informed answer can be given to the initial research question:

• How has Swedish foreign aid policy and practice change during the last 30 years?
• How and why has the Swedish model of capitalism changed during this time?
• How and why have the major global development institutions changed during this time?
• How do we relate changes in the Swedish model alongside changes in the global development institutions to the policy and practice of Swedish foreign aid?

1.2. Structure of the paper

I will now go through the structure of my paper while explaining why I have chosen that specific structure and content. First, I will present my philosophy of science, which will be taking a critical realist assumption. The reason for this is the fact that critical realism is prefect for finding the underlying causes of complex events, while accounting for both agency and structure, as well as both ideational and material factors. Second, I will present my theoretical framework, which takes a neo-Gramscian perspective. The neo-Gramscian theory is one looking at hegemonies based on social relations, which through consent rather than coercion makes people think and act in certain ways. This theory gives a full explanation of the relationship between agency and structure, while also giving an encompassing view on power relations between different groups in society. Thirdly, I will move on to provide an in-depth and descriptive account of the specific case study of the Swedish foreign aid activities in Tanzania. I will then describe put these changes in the context of general shifts in Swedish foreign aid policy and practice. Fourthly, in order to explain what was found in this descriptive section I will apply the analytical framework changes in the Swedish model of capitalism, the international sphere of development, and the transnational hegemony. In the final section I will connect the pieces from the previous sections to identify the most relevant relationships, structures, and powers in the entities I have explored. After establishing this I will be able to establish convincing statements regarding the mechanisms that were at play and answer my research question. Appendix 1 shows a more artistic explanation of the structure of this paper.

This paper will make two main contributions. The first of these is an empirical one in offering a critical analysis of Swedish foreign aid with a special focus on Tanzania, a perspective that has not been explored to a large extent by other researchers. The second is a theoretical one in trying to fully integrate critical realism with neo-Gramscian analysis, in specific with certain neo-Gramscian elements from the Amsterdam School.

2. Philosophy of science

Whether a researcher knows it or not, he or she has a certain philosophy regarding science. Broadly speaking this is an opinion regarding the existence of the world, and if a researcher in it can make informed and unbiased conclusions about it. What follows is therefore a description of my philosophy of science in writing this paper. Taking as my point of departure the nature of my research question, I aim to uncover certain elements regarding how national and international events
have affected a specific policy area, and not only describe them but explain and understand the underlying mechanisms as well. I must therefore choose an approach that enables me to analyze long-term shifts and find their underlying reasons and nature. It needs to be able to account for both material factors, such as economic or military resources, as well as ideational, such as ideas, symbols and mental structures. These factors can through both coercion and consent influence the way actors think and act, which in the end has an outcome in the real world, and in the case of this thesis, the way foreign aid work is carried out. There is also a need for an approach that can account for the fact that the objects of the study are not isolated actors, but located in a context that has a large impact on which paths of action are available, and ultimately, which path is taken. At the same time, there should be a recognition that entities are able to influence the environment in which they exist.

Positivism offers an atomized view of society and tries to find patterns and regularities in certain events or populations. Using this approach would first and foremost not offer me a sufficient analytical depth to understand the structures that limit actors in the social world. Positivism views causation in a secessionist fashion, trying to find regularities without regard to the interdependencies between social entities in a world that is open and complex, and the understanding of which is created and conceptualized socially (Sayer, 2000: 22). For this thesis, a view of reality is required that opens the door for understanding and explaining the meaning behind actions, not just describes the actions and events. A second approach that could be taken into consideration is the interpretivist one, which acknowledges the uniqueness of the social world and that events need to be understood rather than described. However, taking this position makes it hard for the researcher to make conclusions regarding causation and mechanisms as it sees every event as unique, therefore it would not be suitable for the specific research question at hand (Sayer, 2000: 18). It also derives all events to the ideational, ignoring material factors. One approach to reality and how to access it that allows for material and ideational factors, and for a reciprocal relationship between agency and structure is critical realism.

2.1. Critical realism – ontology and epistemology

This paper will assume a critical realist position to the social world. The main reason for choosing this standpoint is its versatility and analytical width. It enables the researcher to position him- or herself in the middle of the agency-structure debate and acknowledges material as well as ideational factors. It also offers the researcher an approach of doing research that is structured and well suited my topic, which has many different aspects and complex interdependencies. I will now attempt to
very briefly present the ontological and epistemological standpoint of critical realism, as well as account for the method of research I aim to use.

The first thing to establish when presenting critical realism is the ontological standpoint that there is a real world that contains real objects, independent of our knowledge (Benton & Craib, 2011: 121). This is in line with a positivist standpoint and claims that using the right tools, scientists can and should try to discover and explain mechanisms and events in the real world. This real world and the objects in it is called the *intransitive dimension* of knowledge, and this is a dimension which we cannot have direct access to (Benton & Craib, 2011: 124). However, as opposed to positivism, critical realism makes the epistemological claim that our interpretation and knowledge of this real world is fallible and becomes skewed by our way of perceiving it (Benton & Craib, 2011: 122).

Thus, we can not simply measure or count entities and then make neat models and diagrams describing them, we must describe the entities and then reflect upon their nature. This argument is slightly in line with the interpretivist claim that the social world is entirely built up by meaning, the difference is that a critical realist does not think that the researcher constructs the world, but rather that he or she interprets it (Easton, 2010: 123). Thus social science will always have an interpretative or hermeneutic element, since researchers need to go beyond appearances to find the true nature of the objects of study. Nevertheless, if researchers use a thorough method and do not stray away from the path of constant reflection and careful analysis, they do have the ability to uncover elements of the ‘real’ world. This dimension is called the *transitive dimension* and represents the theories and discourses about the intransitive dimension. It is important to note, however, that objects in the transitive dimension can in themselves be the objects of our study since they are part of the social world (Sayer, 2000: 10). The relationship between the transitive and intransitive dimensions is not always symmetrical, and changes in one do not necessarily changes in the other (Benton & Craib, 2011: 124). For example, even though a theory about an entity changes, does not mean that the actual entity changes.

Critical realists see reality as differentiated, which takes us to the concept of open and closed systems (Benton & Craib, 2011: 129-130). This concept is important in order for us to realize why we cannot, in a positivist fashion, measure and quantify things and then make inferences regarding how the world works and make predictions in it. A closed system is one where mechanisms exist in isolation, or one where they can be controlled easily. An example of such a system is a laboratory, which per definition is a controlled environment. An open system is one where many different factors, entities and mechanisms interact with one another in contingent and reciprocal ways in an
ongoing and ever evolving process. This is the main critique of positivism laid out by critical realism. A researcher cannot make inferences and predictions about the social world since it is an open system that is inherently unpredictable and every situation and event in it is unique. The aim is instead to identify and explain the few and temporary regularities there are to find powers, structures, and entities, and use these to make informed decisions and come up with sustainable solutions applicable to the real world. Thus, after looking at an event and trying to discern the most relevant entities, their structures, powers and relationships, possible explanations of causation should start to emerge. By finding these causations, we stand a chance of uncovering mechanisms, which we use to make claims about structures and powers of objects (Sayer, 2000: 15).

2.1.2. Material and ideational factors

As was stated above, entities contain both powers and structures existing in the intransitive world. These factors can be of both material and ideational nature and include; material factors such as, actors, resources; and ideational factors such as, rules, practices, and philosophies (Easton, 2010: 120). Researchers should not only look at the material powers and liabilities of actors, neither must they become too idealist. The important point to remember is that the relationship between the two is dialectical. Colin Hay expresses this well:

*While it is important not simply to reduce the ideational to a reflection, say, of underlying material interest, it is equally important not to subscribe to a voluntarist idealism in which political outcomes might be read off, more or less directly, from the desires, motivations and cognitions of the immediate actors themselves. What is required, instead, is a recognition of the complex interaction of material and ideational factors.* (Hay, 2002: 208)

2.1.3. Structures and agents

In line with Marx, critical realists claim that agency and structure are interdependent. Structure and agency can be said to exist on different levels and act interdependently, while interacting with one another (Benton & Craig, 2011: 133). Following the approach of analytical dualism called *morphogenetic sequence* offered by Margaret Archer (Archer, 1995), the interaction has two outcomes. Firstly, agents act in a system in which they are both constrained and enabled by preexisting structures. Secondly, individuals through their actions, intended or otherwise, reproduce or change these structures. This relationship makes sequences an important aspect of Archers approach, as preexisting structures first enable and constrain agents, who then change these structures, creating new conditions for a new set of agents.
Further developing the issue of structures, critical realists claim that each entity has a structure, which is a set of internally related objects, which are all entities as well (Easton, 2010: 120). Consequently, every entity is part of a larger entity and thus embedded in a structure of relational interdependencies. This has consequences for how we see power. According to the positivist, power lies within actors, but according to the critical realist, power is relational and exists between actors (Sayer 2000:13). The implication this has on the analysis is to think of entities as more than the sum of its parts. The parts need to be identified and explored, but the relations between them needs to be given just as much attention. A figure of this relationship can be found in appendix 2.

2.1.4. Retrospective reasoning

The research question of this paper, aims at probing a specific event and finding the main causes of it by dissecting the entities involved in order to understand their reasoning, powers, and constraints. This specific question allows the researcher to conduct research that is in line with the epistemological and ontological standpoint of critical realism as it enables retroductive reasoning (Easton, 2010:123). This method works in the following fashion: we ask ourselves what must be the case for a given phenomenon to be possible? To come up with a hypothetical answer to this, we first find a suitable theory and conduct thorough research on the event and all the entities involved. After establishing, through the use of theory, empirical data, and critical reasoning, the reasons for the event occurring, the researcher should be able to discern a number of mechanisms that led to the event taking place. But the research does not stop there, after concluding which mechanisms and events that lead up to the original one, the researcher must keep asking why, constantly moving towards the core of the issue. Only through systematic reflection can we ensure that the best or strongest explanation is found.

To conclude, the realism in critical realism represents the claim that the world is indeed real and that we do have the ability to uncover or even change it. The critical element comes in our fallible interpretation this world as critical realism urges researchers to be critical of what we know and sense. By carefully building knowledge through this critical lens we can achieve a state in which we are able to emancipate ourselves from the misinterpretations and misperceptions and find the powers and structures hidden in the social world. To do this, first the researcher must frame a research question that is well suited the critical realist approach. The research question is based on an event that is seen and is of the type, what caused event X to occur? Through informed research and theory application, keeping in mind that the world is open and constantly changing, mechanisms that caused the event should be discernable. Having done this, the structures, powers, and relations of the
entities should emerge, and by reflecting on each of these the researcher should be able to find the best explanation for what caused the event to happen. We not only have to explain each entity in terms of how they are structured and their material and ideational powers, but we need to understand and interpret them as well. Given this critical realism cannot be called a theory per se, but rather a meta-theory that regulates rather than instructs research (Patomäki, 2003: 206).

To relate all this to the topic of my paper we can say that when the Swedish foreign aid changes, we uncover how that happens by looking at the most important actors in this process. Looking closer at the relations we start to see the myriad of actors and structures that affect each other in different ways and together lead to outcomes in how foreign aid is practiced. In this process both material factors, such as the size of the aid budget, and ideational factors, such as the theory of development applied, matter. Each actor is embedded in a structure, which is constantly changing. For example, a foreign aid worker deciding on how to implement a specific project is constrained by the policy and strategy he or she acts under. The same individual, however, is enabled by the fact that he or she has been given the mandate by the development agency to set up the project producing legitimacy, access and decision making power. Finally, the main reasons for why the Swedish foreign aid changes might seem apparent at first, but by looking close at the power relations at play, we are able to find the core issue of what led to the change. However, critical realism only tells us that structures and individuals do both matter, and that they can have both material and ideational powers and liabilities, it does not tell us which ones entities and the extent of their powers and liabilities. In order to do this we need a theory so that we can value these structures, conditions, and mechanisms against each other. Given this critical realism cannot be called a theory per se, but rather a meta-theory that regulates rather than instructs research (Patomäki, 2003: 206). Before presenting the theory, however, I must turn to the practicalities of the research as these are determined by the critical realist standpoint I now have assumed.

2.2. Method of Research

I will now explain the method of research I will use and account for my main sources of data, along with their strengths and weaknesses. In this thesis I intend to go beyond appearances and uncover that which is not visible at first sight. This has certain implications for the way my research is conducted. Critical realism does not offer one method of research. It claims that many different methods can be useful depending on what the researcher wishes to find. What it does say, however, is that the method has to be adapted to the object and aim of the study (Sayer, 2000: 19).
According to Sayer (1992: 21-22), there are two basic types of research methods, extensive and intensive. An extensive method is connected to quantitative analysis and requires many different samples collected by using large-scale surveys, formal questionnaires, and statistical analyses. These studies try to find regularities, patterns and similarities. The extensive method largely ignores understandings and discourses, instead it focuses on common patterns or distinguishing features of a certain population. The end-result becomes generalizations of a certain population. The limit of this approach is that these generalizations most often are not applicable to the whole population, and that the lack of explanatory analysis leads to a more shallow understanding why a certain event took place. In contrast, the intensive method focuses on qualitative research and the meaning and nature of entities. The kinds of questions it answers are of the type: How does a specific process work? What produced a certain change? And what did actually happen in a specific case? It focuses on a specific case, and the result is thus not necessarily generalizable. However, relations found will be able to inform the researcher of the powers that entities have in other contexts as well. The focus of the research itself is on few individuals who are close to or involved in the event and their understanding of it. Although extensive studies can be useful, critical realism is described by Sayer to be best suited for the intensive method with few objects of study and more in-depth analysis. Since the object of most critical realist research is to find causation, powers, and structures in a complex social world where a myriad of mechanisms exist, we need a deeper understanding of the subject (Sayer, 2000: 22).

2.2.1. Data

The conclusion is therefore that the intensive method is the one best suited for my research. This will mainly take its form in the kind of empirical data and research I will collect. My most original source of data will be an interview with Staffan Herström, an experienced practitioner within foreign aid with special knowledge about Tanzania from being the Swedish ambassador there between 2007 and 2010. The former ambassador also has over 15 years of experience from working at Sida where he ended his service as Director General of the department of Policy and Method. Added to this he was also a state secretary in the Swedish Cabinet Office from 1991-1994 giving him extensive knowledge about the Swedish political system. Having access to this person will allow me to ask an insider regarding what he thinks were the major changes in the foreign aid activities in Tanzania. Also, his long experience from the Swedish development agency and the Swedish policy sphere, will give an insider perspective on the way the policy and practice changed during most of the 1990s and
2000s. This information will complement the other sources that I will look at to create a richer analysis.

I will use first-hand literature as much as access and time allows. This includes reading policies, strategy papers and information material from the institutions that I examine. Looking closer at the government policies and strategy papers will let me evaluate the changing goals and strategies that are expressed by the policy-makers throughout the relevant time period. Certainly, exploring the policy must also be combined with looking at the work that was actually implemented. This will be made possible first at the case level of Tanzania by looking at one of the many evaluations of the Sweden-Tanzania foreign aid partnership. Also, much literature has been written about Swedish aid in general and how it has changed. This literature will be examined and critically assessed before moving on to the national and global level. When analyzing the Swedish model and the multilateral development organizations, I will make use of previous analyses, both critical and non-critical, and relate these to the changes identified in the Swedish foreign aid policy and practice.

3. Theoretical framework

Critical realism and the accompanying methodology does not tell the researcher which entities to focus on, their powers and structures, and what the nature of the relationships between them are. For this we need a theory. The theory will inform us where to look and also how to construct a whole out of the parts. In the following part I will briefly account for why I have chosen the neo-Gramscian perspective, after which I will present the theory.

3.1. Choice of theory

Within International Political Economy (IPE) there are a number of approaches to analyzing the world. The traditional divide is between what are known as the realist, liberal, and critical approaches (Cohn, 2012 p. 5). In appendix 3 there is an extensive presentation of the main theories within each approach and their nature, I will devote this section to explaining why these approaches would not suit my purposes. First, given that the issue this paper is exploring very much needs to take social structures and country specific events and arrangements into account, the realist approach would not allow me to explore and explain the topic well enough, and it would demise my analysis to simply talk about security as the main reason for rational states giving aid. Motives behind giving foreign aid include a variety of different issues including; solidarity, power, enlightened self-interest, and a desire for global stability (Odén, 2006 p. 36). Secondly, the liberalist approach views the world as based on economic relationships with a potential benefit for all. This approach ignores deeper
structural inequalities in these relationships, as well as motives that cannot be derived from an apparent material gain. A theory is needed that accounts for this dimension of foreign aid, and allows us to see the power relationships existing beyond the apparent surface in the justification, and implementation of foreign aid policy, which the liberalist approach does not. Finally, most critical approaches places too much focus on material factors while ignoring ideational ones, and therefore they do not suit my research well as I seek to uncover patterns of meaning and discourses.

This leads us to another critical theory, neo-Gramscianism. In 1981 Robert Cox developed the ideas on hegemony developed by Antonio Gramsci into what now is labeled neo-Gramscianism. The development of his theoretical framework is connected with Cox’s famous statement that “[t]heory is always for someone and for some purpose” (Cox, 1996). Critical theory, according to Cox, does not take institutions and social relations as granted like mainstream approaches do, which see the current mode of operation a result of a rational process. It questions the existing patterns and tries to find their origins, which are found in a complex whole and fraught with diverse interests (Ünay, 2010).

In my research I am interested in uncovering what lies behind long-term changes in policies, practices and ideas within the Swedish foreign aid sector. In order to do this, I need a theory that allows me to go beyond the mere obvious and look at a wide range of underlying factors that are not obvious at first glance. The neo-Gramscian theory gives me the best theoretical toolbox to do this. It offers the prospect of uncovering the origin, nature, and development of the structures and powers that, with the help of both material and ideational devices, coerces and convinces actors to abide by the ideals held by certain influential actors. Critical theories, such as neo-Gramscianism, have also been seen as having an inherent emancipatory element. The emancipatory element comes from making individuals aware of these structures, and enable them to take the first step in breaking free from them (Benton & Craib 2011 pp. 136-140). Should this promise be true, I will perhaps be able to offer an alternative solution to the problems that I will find in my analysis. The neo-Gramscian theory is also well suited for my critical realist ontology and epistemology (Patomäki, 2003: 199-202). They both share the idea that agency and structure are interdependent, as well as stressing that ideational and material factors and their relation must both be considered in all events. The neo-Gramscian theory is historical in that it believes that the specific events of the past is what created the situation of today, the same can be said about critical realism where structures are said to be inherited from the past. Finally, in both there is a general devotion to pluralism in that the researcher needs to look at the whole picture and not simplify too much using conceptions and abstractions.
3.2. The neo-Gramscian theory

Antonio Gramsci saw hegemony differently from how it is usually seen by realists and liberalists, where it is seen as a single dominance based on the economic or military capabilities of a state. Instead, Gramsci’s hegemony is a wide concept based on a consent over certain ideas, which are supported by material resources and institutions (Gill & Law, 1989). It basically means convincing society that certain values and solutions that are in the specific interest of one societal group, are beneficial to all of society. Thus, Gramscian hegemony works through consent rather than coercion, and the dominance relies on material as well as ideational factors. Robert Cox took Gramsci’s concept of hegemony and developed it to an IPE theory for the 20th century. I will now draw upon a number of neo-Gramscian theorists to construct the analytical framework that will be used in this paper. Starting with the view on social relations and power, the way this power is distributed and the issue of class, the state as an actor and arena, before finally getting to hegemony and the transnational level.

3.2.1. Power - social relations

The neo-Gramscian theory starts with the concept of power as derived from social relations. These are in turn derived from the social relations of production. Power is thus not simply derived from political authorities, but from the social forces that underpin state power (van Apeldoorn, 2003: 148). The social relations of production include not only the traditional relations of production concerning the production and consumption of physical goods. Production is to be understood very broadly, encompassing the production and reproduction of knowledge and social relations, morals and institutions that are the prerequisites of the production of physical goods (Cox, 1987: 4).

Power in social relations of production give rise to certain social forces, these social forces then become a basis for power in setting up structures and institutions that are beneficial to certain social groups (Cox, 1987: 4). An example of the importance of the social relations of production for the sphere of foreign aid is the issue of by who and how production of the research in that specific area is carried out. The factors, methods, and theories that become the norm will have a great effect on how foreign aid work is carried out and the overarching goals. As will be shown later, the WC and its cookbook prescription of what a developing country must do to develop, not only set the rules of engagement for the institutions that created it, it also to a large extent set the global development agenda for national foreign aid agencies by acting as a moral compass.
Cox describes the three elements that are at play when establishing and stabilizing power relationships. These elements are; firstly, ideas, intersubjective meanings as well as collective images of world order, secondly, material capabilities, which are the resources that are being accumulated, and lastly, institutions, which are a mix of the two other elements and a tool to stabilize a power relationship (Cox, 1981: 136). Dominance is not only exercised through material means such as sanctions, punishments and inducements, it also involves intellectual and moral leadership (Gill & Law 1989 p. 476). A very important part of this is discourse. In this paper discourse will be defined as ‘institutionalized structures of meaning that channel political thought and action in certain directions’ (Schmidt, 2008: 309). That is, how arguments are structured and the way in which ideas are presented, and to whom they are said. As will be described in further detail later on, the struggle between classes is to a large extent an ideological one where the group with the most influence over legitimate institutions and sources of ‘truth’, e.g. schools, political institutions, or media, will win the ideological struggle.

3.2.2. Class – how social groups are formed

Given that power has its basis in social relations of production, class becomes an inescapable concept in neo-Gramscian analysis. The essence of the social relations of production in the Marxist sense is the difference between those who own the means of production, capital, and those who use them in exchange for a wage, labor (Hansen 2009: 58). More specifically: ‘a group of people who share a common relationship to the process of social production and reproduction, constituted relationally on the basis of social power struggles’ (Robinson & Harris, 2000: 21). Cox (1987) argues that class is a concept that should be seen as a dynamic rather than static historical category. Class identity emerges through historical processes of economic exploitation. Class is historically and contextually dependent and does not emerge deterministically and necessarily in social relations of production. Focus lies on not only the material aspects of exploitation and resistance in the traditional Marxist sense, but also extends into areas such as ethnicity, nationality, and gender. Thus, class exploitation and resistance always has its basis in the social relations of production, but may exhibit itself through e.g. gender discrimination or xenophobia. This is a recent result of a capitalist class that is extending its exploitations through the commodification of social services, destruction of the biosphere and the disruption of ways of life (Van der Pijl, 1998:46-48).

Furthermore, classes are not to be seen as two polar opposites. Each class has numerous fractions that at times oppose each other. The fractionalization occurs on the basis of the functions held in the process of capital accumulation. There are two main axes of fractionalization (van Apeldoorn, 2003:
The first is between national and transnational class, the other between industrial (productive) versus financial (money) class. In relation to the stance different fractions of capital have towards what kind of foreign aid policy and practice a country like Sweden should have, transnational capitalists interested in opening up making use of cheap labor or natural resources might promote development and liberalization of poor countries to gain access therein. National capitalists, however, are more interested in keeping production at home and thus oppose deepening relations with these countries.

3.2.3. The state – an arena and an actor

According to most neo-Gramscian scholars, state power rests on social relations of production. In order for this conceptualization to be true, we need to broaden the concept of the state. In Gramsci’s own words: ‘the state is the entire complex of practical and theoretical activities with which the ruling class not only justifies and maintains its dominance, but manages to win the active consent of those over whom it rules’ (Gramsci, 1971: 178). When a hegemony is established, the state is not just an institution exercising its hegemonic functions in the public sphere, but a part of the private sphere as well, e.g. through media, education, or religion. There is thus a linkage between the state and civil society that Gramsci called an ‘organic fusion’ (Gramsci, 1971: 12). Under conditions of hegemony the state is conceived as a collection of social relations and forces used to uphold a particular system with a combination of political, economic, and cultural tools in an effort to create an ‘ethical’ state (Gramsci, 1971: 258, 271). Therefore the state is not seen as an actor in its own right by many neo-Gramscians (Bieler & Morton, 2001: 146-147).

However, to derive the state to simply an arena for the interests of social groups is to make away with the independence and power that the state does indeed have in e.g. the policy making process. Some scholars have indeed criticized neo-Gramscians for diminishing the power of the state (Hay, 1996; Hansen, 2009; Burnham, 1991). The state does after all have the monopoly of violence within a specific geographic area and does not always act in accordance with class interests. We must therefore think of the state as an independent actor with a certain degree of freedom when it comes to policy-making and implementation. Rather than being a perfect reflection of the outcome of class conflicts, the actions of a state may simply imperfectly mirror the underlying struggle. Therefore, the actions of it must be explored in depth before making any conclusions regarding its independence and role.
3.2.4. Hegemony & historical blocs

Hegemony is possible when there is a historical congruence between material forces, ideologies, and institutions, that is, an alignment of the interests of different fractions of classes (Gill & Law, 1989 p. 476). A class may under certain circumstances be able to form a so-called historical bloc, usually revolving around some sort of ideal. This is a concept coined by Gramsci himself; a historical bloc is ‘not only a unison of economic and political aims, but also intellectual and moral unity... on a “universal” plane’ (Gramsci, 1971: 181–2). Universal in this case means that one social group has taken control over a subordinate social group. Gill and Law has described a historical bloc as ‘...a historical congruence between material forces, institutions, and ideologies, or broadly to an alliance of different class forces ... the "organic" link between political and civil society’ (Gill & Law 1989 p. 476). We thus return to the ‘organic fusion’ of state and civil society, which occurs when a historical bloc is established. For such a bloc to be constituted a conscious planned struggle needs to be undertaken. We can therefore conclude that a Gramscian hegemony is never unintended, and that it is established when there is an organic cohesion between the rulers and ruled.

In order for a new historical bloc to be established, the social groups pursuing this need not only influence over important institutions within the civil society and economy, but also have persuasive ideas and arguments on the ethico-political level (Gill & Law 1989 p. 476). This diffusion of values and ideas build on and gets friction in the political networks and organization. The movement of establishing the historical bloc thus require a certain context: ‘an appropriate political initiative is always necessary to liberate the economic thrust from the dead weight of traditional policies - i.e., to change the political direction of certain forces which have to be absorbed if a new, homogeneous politico-economic historical bloc, without internal contradictions, is to be successfully formed’ (Gramsci, 1971: 168).

The Amsterdam School, led mainly by Kees van der Pijl and Henk Overbeek, has developed the notion of a ‘comprehensive concept of control’ (van der Pijl, 1984; Overbeek, 1990). This notion represents the unity of a critical mass of interests forming the basis for a new set of ideas and ideals and the unity of economic and class forces, both national and international. It is characterized by; a specific set of ideas on how to organize the accumulation of capital and the maintenance of social order, and a specific configuration of social forces that succeed in presenting their fractional interests as the general interest (Overbeek & van Apeldoorn, 2012: 4). This constellation constructs the structural context in which interests are politically articulated. It is only when the interests of the different fractions are aligned that a historical bloc can be formed and with that, a global hegemony.
When unified class interests initiate a hegemonic project, a struggle between unified social forces enters ‘*the most purely political phase*’ (Gramsci, 1971: 181), the movement becomes a political struggle between ideologies. Thus we return to the weight neo-Gramscians give to ideas and ideology in the establishment of a hegemony (van Apeldoorn, 2003: 49). A final very important point to be made is that ‘No hegemonic project is, or ever becomes, the direct and unmediated realization of the objectives and plans of its key “authors”’ (Overbeek & van Apeldoorn, 2012: 6).

This means that reality will always deviate from the wish of the hegemonic groups, even though they have managed to obtain a ‘comprehensive concept of control’. A hegemonic project is more a project in motion than a static state, with constantly ongoing struggles, contestations, and settlements.

To find the nature of any given hegemony we must look at how intersubjective meaning patterns create a specific reality (Cox, 1997, p. 252). This reality is both the actual physical environment in which we exist, as well as the institutional, regulatory, moral and ideological context that shapes thoughts and actions. Therefore hegemony is everywhere in society and can take different forms in a myriad of structures, such as, economics, gender, culture, politics and ideology. Within the area of foreign aid the structures become evident in the focus of the efforts. Naturally the resources of any country’s foreign aid work is limited by money. However, the decision of where this money is best spent is to a large extent based on ideas within development research (Odén, 2006) as well as the goals and purposes of foreign aid.

### 3.2.5. The international – world orders

Given that the world is one constructed of class fractions with diverging interests and states that are actors in themselves, as well as an arena for these interests, a complex view of reality is forming. The conceptualization of the national and international as separate spheres does not take into account the increasingly globally integrated economy with social groups and interests that exist on a transnational level and cannot be said to belong to any nation in particular. This means that globalization is not some external structure that is imposed on agents from above, instead it is understood as transnational agency, operating within the structures and constraints of transnational production and finance (Bieler & Morton, 2004: 309). The increasing prevalence and importance of transnational actors that do not operate within nations states has been highlighted by a number of scholars (van Apeldoorn, 2003: 149; Gill & Law, 1989; van der Pijl, 1998). It is with the recognition of the rise of Transnational Corporations (TNCs) that the idea of transnational classes of both capitalist and laborers has emerged, and with it the possibility of a transnational historical bloc (Gill & Law, 1989: 482). For example, the ability to quickly move capital globally has given transnational
capital structural power that can be used to pressure nations for policy changes in their favor (Gill & Law 1989).

As first described by Cox (1987), the world prior to the 1980s had been dominated by a neo-Gramsican hegemonic project described as Pax Americana. This project had two dimensions, the first was based on the concept of ‘embedded liberalism’. Firstly, this meant an international sphere maintained through the Bretton Woods system of fixed exchange rates and international free trade. Secondly, the national sphere gained stability via social security and redistribution of economic wealth the through government intervention, also known as the Keynesian welfare state (Ruggie, 1982; Gill & Law, 1988: 79-80). The second dimension was the accumulation regime that was the basis of the social relations of production (Cox, 1987: 219–30). An accumulation regime describes the main mode in which capital is created to create resources for society and profits for capital. The Régulation School describes Fordism as the form of accumulation regime developed in the US during the early 20th century. Fordism can very briefly be summarized as consisting of three elements; a strict system of work organization in which workers are relatively equal, an institutionalized share of productivity gains through collective bargaining’s agreements, and lastly, intensive accumulation of capital based on mass consumption (Boyer & Salliard, 2001: 232). Thus, Fordism had both material and immaterial elements. Materially it relied on technological advances and resources to ensure the ability to mass-produce at an ever-increasing speed. Immaterially it relied on a culture of mass consumption of standardized goods.

3.2.6. Counter-hegemony & organic Intellectuals

To explore resistance we must turn to the concept of organic ideas and intellectuals. Organic ideas is a concept originally developed by Gramsci and are those that can engage masses and make people aware of their position in society and ultimately spark resistance (Bieler, 2006: 24). This indicates the potential that Gramscians consider intellectuals to have. Thus, ideas contain the same energy as material forces to change the world. Organic intellectuals are those able to formulate and promote organic ideas and who do not simply describe society rationalistically and arbitrarily based on contemporary politics, but expresses the feelings of those that are not in the position of doing so themselves. In the words of Gramsci, organic ideas are those that: ‘organise human masses, and create the terrain on which men move, acquire consciousness of their position, struggle, etc. These are contrasted with ideas that are merely ‘arbitrary, rationalistic, or “willed”’. ’ (Gramsci, 1971: 376–7). This concept is more practically expressed by Gill and Law when describing what an organic intellectual is: ‘those able to theorize the conditions of existence of the system as a whole,
suggest policies and their justifications, and, if need be, apply them. Such intellectuals need to synthesize a strategic vision with the technical and political ability to realize it in practice’ (Gill & Law, 1989: 488). Organic ideas can work for both good and bad, depending on who wields the hammer. Organic ideas can be used to establish and stabilize a hegemony based on the interest of the few, but it also has the ability to act in an emancipatory fashion to make people aware of and break free from the structures that are a restricting to them while enabling others (Benton & Craib, 2011: 136-140).

In order to develop the issue of resistance further we must return to the concept of class and globalization touched upon earlier. Class struggle, which is the basis of resistance, is not reduced to simple antagonism between capital and labor. Globalization and the development within the financial sector have created diverging interests within capital. Furthermore, as class struggle is understood as something that extends further than the production of physical goods, it must involve the spheres of economics, politics and culture as well (Rupert, 2000: 14-15). Social movements that oppose things such as environmental degradation and privatization of social services must also be understood as class struggle (van der Pijl, 1998: 46-48). Certainly, this also opens up for the possibility of fractions of labor unable or unwilling to struggle against capitalist forces on an international level. Instead, many social movements with their basis in labor may be nationally oriented, adverse to values democracy, and anti-progressive. This has also been seen in many European countries during the past decades with the rise of right-wing social movements resting on values of cultural and ethnical superiority (Rupert, 2000: 94-118).

3.2.7 Facing critique of the neo-Gramscian perspective
The neo-Gramscian perspective enables me to analyze long-term shifts and find their underlying reasons and nature. Also, in line with my ontological and epistemological standpoint of critical realism, it is a fairly open approach that is critical of how events appear and gives equal weight to material and ideational factors. However, neo-garism perspectives have mainly withstood critique from two camps. Firstly, academics have claimed that the theory is unfashionable as it relies on what some call Marxist assumptions of structures derived from history determining what is possible and what is not (Ashley, 1989: 275). However, neo-Gramscians do acknowledge that knowledge is fallible and they are often very cautious in making assumptions regarding given actualities such as structures (Cox, 1995: 14). Therefore one could claim that this criticism falls flat since it is up to the researcher, not the theory, to be aware of false assumptions when approaching an issue.
Secondly, neo-Gramscians have also been criticized by Marxist who claim that the dual focus on material and ideational factors, makes neo-Gramscians put too much weight on ideology and fails to take the capital relation into focus (Burnham, 1991). The explanations thus become idealist, treating state and market as separate actors. However, the neo-Gramscian analysis questions the apparent separation of state and market or politics and economics. As described above, they see the state as a potential tool that economic interests may use during a time of hegemony to their benefit. Furthermore, material factors does claim an important place in the neo-Gramscian analysis as the relationship between these and ideational factors is seen as reciprocal with a focus on social relations of production, which has both material and ideational elements.

3.3. Operationalizing the theoretical framework

Now will follow a brief description of how this theoretical framework will be put into practice. Critical realism can be said to be a sort of meta-theory, thus it will regulate the research by telling us how entities are related and structures restrict and change, but it will not tell us which entities matter the most and what the structure of them are (Patomäki, 2003: 206). To find these, a theoretical framework is needed. Thus I will firstly, as accurate as possible, make a descriptive account of shifts in Swedish foreign aid policy and practice. Then I will move on to explain the decline of the Swedish model of capitalism, and the proposed death of the WC, using the neo-Gramscian theory. I will then relate these explanations to the transnational level using the neo-Gramscian concepts of hegemony and historical bloc.

By being able to establish the structure of each entity, the relations between them, and the powers that they hold, I will be able to make conclusions regarding mechanisms that were at play, and see the causations that led up to the event of interest. From the global level, to the level of specific policy and practice, and back again. Having drawn conclusions regarding how seismic shifts in the global discourse and world order relate to Swedish foreign aid policy and practice, I will finally be able to conclude which were those factors that mattered most in the changes in Swedish foreign aid. I must at all times be aware of not making easy conclusions regarding causations and mechanisms, always taking heed of the critical realist mantra of to being reflective and critical of appearances.

4. Shifts in Swedish foreign aid policy and practice

In this section, I will give a descriptive account of changes in Swedish foreign aid policy and practice. I will start out by introducing how Swedish aid works and the important actors and
institutions in it. I will then look closer at the specific case of Swedish aid in Tanzania before finally describing changes to general shifts in Swedish aid.

4.1. An overview of Swedish aid

The most important foreign aid policy documents are the government aid bills and annual foreign aid budgets (Elgström, 1999: 117). The first government aid bill came in 1962 and defines the goals, motivations and philosophies that are to be the basis of all Swedish foreign aid work. Since 1962, the aid bill has been redefined a number of times, and based on the document in place, the Swedish Riksdag approves the annual foreign aid budget and the financial frame for each recipient country. The bill further defines the general foreign aid policy objectives and their priority in aid cooperation.

Based on the government aid bill, the annual budget, and together with assessments of previous efforts, the foreign ministry creates a Country Strategy (CS) for each development partner. A CS is a document that: “states the Swedish Government’s view on cooperation with the country and stipulates the scope, focus, design and expected results of ... all Swedish support to the country” (Sida, 1998: 31). This document then instructs how bilateral aid is to be given to that country, and all programs and projects within that country must be based on it. See appendix 4 for a scheme of this process.

The government is responsible for making the above policies, and the responsibility of implementing and coordinating the foreign aid lies on the foreign ministry, through its embassies, and the Swedish international development agency (Sida, before 1997: SIDA). Politicians are not to intervene in the implementation of the policy, and it is up to the agencies of the foreign aid to implement the policy decisions in the most effective means possible. In Appendix 5 you can see a scheme of how Sida views structures its bilateral aid seen in the two types; program and project aid. Sida handles the bilateral aid, and the foreign ministry distributes the multilateral aid. In 2013 a bit more than half of the aid was bilateral (64%) and the rest multilateral (36%) (Openaid.com, 2013). In 2013 the allotted funds for foreign aid in the Swedish budget was 38,2 billion SEK (5.8 $ billion), which is around 1 % of the total Swedish budget (Prop. 2012/13: 9). Aid in this paper is defined by the widely used definition Official Development Assistance (ODA) used by the Development Assistance Committee (DAC) countries of the OECD (Odén, 2006: 19).

Ever since 1964 Tanzania has been one of the most important foreign aid partners for Sweden. During the period in between the early 1970s to the mid-1990s Sweden was Tanzania’s largest bilateral donor. Tanzania has always been one of the biggest recipients of Swedish aid and between
the years 2010-2012 it was the number one recipient of Swedish bilateral aid (Sida, 2011; Weeks et. al. 2002). These facts are a clear indication that Tanzania, being one of the oldest and most important aid recipients of Sweden, makes for a good case in a description of changes in Swedish foreign aid. What will follow is now a case study of Tanzania, and how the way Sweden gives foreign aid in that country has changed.

4.2. Swedish foreign aid to Tanzania – a brief case study

Tanzania is today counted among the Least Developed Countries (LDCs). It is ranked 151 out of 182 on the human development index, in 2012 it had a GDP per capita of 1,700$ ranked 201 out of 228 countries, with 36% of the population below the poverty line (www.openaid.com, 2013; CIA, 2013). Although Tanzania has enjoyed many years of high growth, poverty has not been reduced to a large extent (UD, 2011: 9). Between the year 2000 and 2010, 5 % of the state expenditures were covered by bi- and multilateral aid. Aid flows to Tanzania have roughly gone a number of dips and peaks during the time since independence, in appendix 6 there is a graph showing total ODA flows and the Swedish bilateral flows to Tanzania. The period from 1964 until 1980 saw a constant increase in aid flows. This was followed by a dip that lasted until 1986. After 1990 a second dip started that would last until the beginning of the 2000s. I will now go through each of these periods to try to shed light on these fluctuations.

4.2.1. 1961-1985 – Ujamaa and African socialism

Tanzania gained independence from Britain in 1961 and the history after independence can be divided into two different phases (Weeks et. al. 2002). The first one ranging from the year of independence to roughly the mid-1980s was characterized by the strive for African socialism and economic self-reliance, the second one from the mid-1980s and up until today has meant adjusting to external conditionalities and reliance on aid. After gaining independence the country became a one-party political system with Joseph Nyerere as its leader. A policy called *ujamaa*, commonly known as African Socialism, was pursued. It was focused on redistributing wealth, creating a welfare state, and decentralizing industrial development and ruralizing growth by giving the major means of production to peasants and workers (Myers, 2011: 44). Sweden, along with the other Nordic countries, was a big supporter of Tanzania right from its independence (Weeks et.al. 2002, 132). During the years between 1964 and 1970, Swedish bilateral aid was characterized by the commitment of SIDA to the philosophy of *ujamaa*. The ideas of equitable growth and the focus on the social sector were held in high esteem among Swedish development workers and politicians.
(Elgström, 1999: 125). The development assistance from Sweden was focused on economic growth and industrialization, an approach that was in line with the major development theories at the time (Katila et.al., 2003: 11).

Between 1970 and 1982 total ODA flows to Tanzania increased almost twenty-fold from $38 million to $698 million as a result of the novel approach and promise of African socialism that Nyerere offered (Weeks et.al. 131-136). Between 1970 and 1979 there was a politicization of Swedish aid policy (Katila et.al. 2003: 11; Rotarou & Ueta, 2009: 167; Sellström, 1999), and in 1970 Swedish aid started to prioritize countries that strove to promote economic and social equality, this prioritization was also explicitly stated in the government aid policies (Prop. 1977/78: 11). There was also a shift towards trying to give aid on the terms of the recipient, which increased focus on general budget support and commitments to long-term projects. Given Tanzania’s devotion to African Socialism, it benefitted from this policy and Swedish aid flows increased (Katila et.al. 2003: 11; Weeks et.al. 2002: 137). Nyerere’s time in power between 1965 and 1985 is known for the accomplishment of creating national unity within the country, but also for the lack of economic growth, this forced Tanzania to turn away from its aspirations of African socialism and towards the IMF in search for a loan.

In 1981 the IMF presented Tanzania with a Structural Adjustment Program (SAP), which included demands that Tanzania eliminate their food subsidies, devalue their currency, and implement price liberalization of locally produced goods (Weeks et.al. 2002: 133). Tanzania rejected the SAP, after which both bilateral and multilateral ODA contracted by one third. Tanzania started working on a package of their own aimed at satisfying the IMF conditionalities, while at the same time trying to uphold a positive trade balance and food self-sufficiency (Rotarou & Ueta, 2009: 162). In the late 1970s the Swedish optimism within the development sector faded as Tanzania was seen as incapable to plan and manage both their economy and aid effectively. Thus, the Swedish aid swung back to supporting specific projects rather than broad sectoral programs (Katila et.al. 2003: 11). Sweden was also moving away from its earlier hands-off approach towards one of ‘concerned participation’ (Elgström, 1999: 131), which meant that Sweden became more engaged in the projects it gave aid to. The period from 1979 to 1983 has later been described as a transition period for SIDA, and Swedish aid in general, in their relation vis-à-vis donors. Tanzania was facing a deep economic crisis, but refused to concede to the structural adjustment demands. There was an ongoing debate within SIDA and the foreign ministry during this period regarding on which side of this dispute it should position itself. The conditionalities imposed by the WB and IMF were seen as immoral and disregarding of
the conditions of developing countries and the social impacts such reforms would have. However, in 1984 it was agreed that SIDA should side with the major multilateral donors on the issue of SAPs (Elgström, 1992: 80). Thus, ‘initial support for Tanzania against the demands from the IMF was abandoned in favour of the one-note choir of donor voices.’ (Elgström, 1999: 134). Being one of Tanzania’s oldest and most trusted partners, the Swedish support for the making a deal with the IMF has been seen as incredibly important in convincing Tanzania to agree to the conditionalities (Elgström, 1999: 134).

4.2.2. 1985–1992 – SAPs and social retrenchment

As Nyerere stepped down in 1985, he was replaced by Ali Hassan Mwinyi. Immediately after taking power, Mwinyi moved towards a liberalization of the economy by deregulating the economy in an effort to appease the donor community (Stapenhurst & Kpundeh, 1999: 156). This meant a final end of Nyerere’s African socialism and started a period of structural adjustment reforms and compliance with international demands (Weeks et.al 2002 p. 127). In 1986, Tanzania enacted an economic recovery program created by the IMF, which resulted in a stand-by accord of 64.2 million in Special Drawing Rights (SDR), and shortly thereafter it got a structural adjustment loan from the WB (Weeks et.al. 2002: 134). The liberalization of the Tanzanian economy led to a rise of multilateral donations by 45% in 1986 and 23% in 1987. Aid from DACs also increased by 40 % during both years (Weeks et.al. 2002: 133).

Swedish bilateral aid to Tanzania during this period followed the global trends, increasing slightly during the period between 1986 and 1992. It emphasized macro-economic reform and market conditionality, increasingly along with political demands of democracy (Elgström, 1999: 135). The local ownership of the Swedish aid during this period was very low. However, this mode of operations went against the core SIDA philosophy of capacity building and local agency as crucial for the success of development assistance. SIDA constantly concluded in their internal reports the importance of giving greater responsibility and autonomy of decision-making to the Tanzanian government (Weeks et.al. 2002: 139). Also, there were continuing worries about the social impacts of the SAPs: ‘Swedish government officials were instrumental in persuading the WB to include social components in its aid packages’ (Elgström, 1999: 135). This worry was also seen in that SIDA’s objectives during this period was still to increase the economic growth, but also to stop the decline in education and health, which were being seen in the end of the 1980s (Elgström, 1999: 137).
Nevertheless, the lack of trust in the Tanzanian authorities continued throughout the 1980s. In 1988 the Swedish government stated ‘An experience of the 1980s has been the defective capacity and competence of African bureaucracies, not least the economic-political area’ (Prop. 1988/89: 55). The Tanzanian state was given a less and less prominent role in development. In the beginning of the 1990s, the newly elected government stated ‘There is a steadily growing understanding of the need to clearly delimit the role of the state to creating the physical, legal and social infrastructure, which is so important for a well functioning market economy’ (Prop. 1991/92: 51).

4.2.3. 1992-2000 – Debt forgiveness and conditionalities

The newly found love between Tanzania and the global donor community came to an abrupt end as Tanzania bowed down to internal protests against rising costs and alienation of workers rights (Weeks et.al. 2002: 135). As Tanzania stopped meeting the conditionalities of the IMF in terms of fiscal and credit targets, the loans from IMF were cancelled. Soon thereafter the bilateral donations were decreased as a result of what was seen as politically motivated tax exemptions and widespread corruption. Overall ODA aid fell by 28% between 1992 and 1995 (Weeks, et.al. 2002: 135). Also the Swedish aid declined sharply in 1992. The focus areas of the aid continued to shift away from the industrial sector, and towards the social sector, and in 1994 industry support was all but gone (Carlsson, 1998: 39). The same year Sweden cut off aid completely in November as a result of perceived corruption and mismanagement of aid (Weeks et.al. 2002: 135).

After the 1995 election Tanzania again began to work towards fulfilling the IMF conditionalities, which resulted to an increase in aid flows in 1996 (Weeks, et.al. 2002: 135). As Tanzania stabilized, both economically and politically, aid flows rose steadily during the end of the 1990s (Rotarou & Ueta, 2009: 163). In 2000, after spending years building government institutions, Tanzania was ready to join IMF’s Heavily Indebted Poor Countries (HIPC) initiative indicating that it fulfilled the requirements of having performed ‘sound policies through IMF and WB programs’ as well as developed and implemented a IMF/ WB approved Poverty Reduction Strategy Paper (PRSP) (IMF, 2012; Rotarou & Ueta, 2009: 163). Being part of this initiative made Tanzania eligible for debt relief from IMF, the WB and the African Development Fund (Weeks et. al. 2002: 129). From 1994 the Swedish approach to Tanzania became more cautious as a result of the mismanagement and corruption that characterized many aid programs (Weeks et.al., 2002: 139). In 1990, Tanzania received 16 % of the total Swedish ODA, in 1996 that number was 6 % (World Bank, 2013a). Thus it would seem that the special relationship between Sweden and Tanzania had cooled off. However,
local ownership and coordination of donor efforts was becoming the focal point of Swedish engagement in Tanzania, seen in e.g. the Nordic Partnership (Sida, 2000a).

In the CS from 1997, covering the period up to 2001, the focus areas of Swedish development aid were to be the following: “to contribute to a sustainable improvement in the standard of living for Tanzania’s people by helping to create the preconditions for economic growth, intensified democracy, increased gender equality, improved human rights, good public administration, better social services, and poverty reduction” (Sida, 2000: 25). Added to this were the two subsidiary objectives which stated that there should be a fewer number of projects within fewer sectors, and an increased long-term perspective as to align the aid with the local strategy. (Sida, 2000: 26). As stated previously, the will to move towards more local ownership had for long been a goal of Sida, however, Tanzania was not yet seen as having strong enough institutions to be eligible for program aid.

The Nordic partners are willing to as soon as possible move towards giving program aid, when clear Tanzanian policies for different sectors are in place. The development assistance should only include activities that are prioritized by Tanzania. Development assistance should be demand-driven, not driven by the external parties. (The Swedish Government, 1997: 31)

4.2.4. 2000s – Ownership and alignment

Two realizations were made on a global level in the end of the 1990s; the need of local ownership with regards to development assistance, and the need for coordination among donors. These realizations would greatly affect the aid in the years to follow (Weeks et.al. 2002: 136). The need for coordination came from the fact that donors were increasing in number and size. As Tanzania liberalized their economy, aid flows grew from the middle of the 1990s, and so did the number of donors. In 2006 there were 22 multilateral and 25 bilateral donors in the country, along with dozens of NGOs (UD, 2006: 7).

In order to address these issues, the multilateral development organizations pushed for the creation of two kinds of Tanzanian documents, versions of which have been in place from the end of the 1990s up until today. First, there is the national poverty reduction strategy paper (PRSP) the first of which was simply called their Poverty Reduction Strategy, the ones that followed MKUKUTA I (2005), and MKUKUTA II (2010). According to a DAC meeting in 2002 the Tanzanian PRSP is: ‘the dominant instrument and overarching objective for government and development partners. Efficiently/effectively linking our work with PRS is the main rationale for harmonisation’ (DAC,
The second kind of document is one created to deal with the coordination of donor efforts. The first of these was the Tanzania Assistance Strategy (TAS, 2001), the one that followed was called Joint Assistance Strategy (JAS, 2006). Both these documents were developed by the Tanzanian government in collaboration with donors (Weeks et al. 2002: 143). A direct result of these strategies has been that budget support increased while donor-run projects have decreased. The development of these documents is a process that has been pushed by the international donor community. For example, in order to be eligible for WB grants, the WB requires Tanzania to have a national PRSP in place, along with ‘… macroeconomic stability … [and] key structural and social reforms’ (World Bank, 2012).

From the turn of the millennium until today, there has been a continued focus on local ownership and concentration of Swedish aid efforts. The 2001-2005 CS emphasizes three areas of development cooperation, (i) pro-poor growth, (ii) human resource development, and (iii) democratic development (Swedish foreign ministry, 2000). The strategy states that the co-operation between Sweden and Tanzania was to be based on the TAS and the PRSP, in an effort to give Tanzania more ownership and control. In line with this there was also an ambition to increase the general budget support. The general budget support was to be given in dialogue with the Tanzanian government and based on a range of conditionalities defined by the OECD (Sida, 2006).

The CS that followed, from 2006-2010 and that is still in place today, had the same three focus areas as the previous, but aimed to concentrate Swedish efforts further. The strategy states that all Swedish efforts again are to be in line with the Tanzanian poverty reduction strategy and the JAS. The sector focus will be based on bilateral conditions, results from previous efforts and strengths in the Swedish resource bank (Swedish foreign ministry, 2006: 9). The CS highlights the need for a high degree of trust between Sweden and Tanzania if general budget support is to have the intended outcome. General budget support assumes that ‘the Government of Tanzania presses ahead with its economic reform policies, that it actively seeks to foster democratic governance and that it takes vigorous action against corruption’ (Swedish foreign ministry, 2006: 10-11). The three goals of the CS are; an efficient, transparent and accountable state with the capacity to offer its citizens public services; a civil society that can oversee the responsibilities of the state; and a strong private sector that creates growth and employment opportunities for the poor (Swedish foreign ministry, 2006: 10). As for the actual focus areas of Swedish aid, we can see that the share of budget support has been growing throughout the last 12 years, while the support for social sectors and human rights issues have represented around of 1/3 of the aid (Sida; 2002; 2007; 2013).
Sida recently released its analysis of the previous CS. In this analysis it is stated that the overarching goal of the coming period should be to ‘focus on the local level on the issue of allowing people who live in poverty to control the direction of development and directly reap its benefits’ (Sida, 2012: 35). The work in each sector shall also be permeated the overall goals of Swedish aid; gender equality, human rights, democracy, and environment. There should also be a focus on measurable results, domestic ownership, as well as reciprocal and domestic accountability. The areas to be focused on are democratic governance, energy, and education (Sida, 2012: 37). The channels to be used are mainly through the existing public structures and systems through budget support, while controlling and mitigating the risk for corruption. Private actors should be given complementary support to increase involvement and ownership in the work for national development. At the same time, alternative channels need to be utilized to a larger extent, this includes mainly the B4D initiative that is explained in the next section. The goal is to set up “smart” and profitable commercial partnerships that can quickly reduce poverty and replace aid with ‘political, economical, social and cultural relations between Swedish and Tanzanian actors’ (Sida, 2012: 36).

4.3. Changes in Swedish foreign aid from 1962 until today
I will now account for general shifts in the Swedish foreign aid policy and practice. On the abstract level I will look at the motivations, goals, and philosophies that have dominated Swedish aid. Moving to the more tangible level I will cover the relationship with the recipient country, the sector allocation of the aid, the balance between multilateral/bilateral aid, international donor cooperation, and the cooperation with civil society and business sector.

4.3.1. Policy and rhetoric
The main motivation stated in the first government aid bill from 1962 was described as solidarity with poor people (Prop. 1977/1978: 10). Furthermore the bill gives an indication that the situation of the poor countries was contingent on global structures set up by the rich ones: ‘the solidarity is strengthened by the realization that the poor countries’ economic situation is affected by the world order that the rich countries have instituted’ (Prop. 1977/78: 10). The motive of solidarity continued being the main one up until the beginning of the 1990s, when the support for that argument seemed to weaken among the general Swedish population, and new motivations were discussed (Odén & Wohlgemuth, 2007: 6). The one that gained the strongest foothold in the Swedish debate was the motive of enlightened self-interest. Enlightened self-interest arises from the realization that the world is interconnected and that in helping other nations develop is in effect also helping Sweden in the long-run by bringing global stability and prosperity (Prop. 2002/03: 18). The most recent aid bill
from 2002 discusses the two motivations of solidarity and enlightened self-interest thoroughly, but concludes that solidarity is and should be the main motivation for Sweden when helping poorer nations. One point to note is that the discussion surrounding inequalities created by global structures is not seen in the aid bills after 1977, the focus is instead of the importance of including developing countries in the global economy ‘on equal terms’ (Prop 2002/03: 7).

The main goal of Swedish foreign aid remained largely unaltered between 1962 and 2002 as: ‘increase the standard of living for poor people’ (Prop. 1962; Danielson & Wohlgemuth, 2002: 3). Each aid bill has defined a number of sub-goals that should be pursued in order to achieve the main goal. Initially there were three sub-goals, but more were added as time went by. Below is a list of the various sub-goals with the year of adoption in parenthesis next to them:

- Economic resource growth (1962)
- Economic and social equality (1962)
- Democratic development of society (1962)
- Economic and political autonomy (1968)
- The sustainable use of natural resources (1988)
- Equality between men and women (1996)

Although these goals were unranked, the focus on them has shifted throughout history (Odén, 2006: 175). During the 1960s, economic growth was in the focal point. During the 1970s, the goals of economic equality and autonomy increased in importance, to fall back in the 1980s. In the late 1980s the goal of sustainability became more relevant. And finally in the 1990s democracy and gender equality took center stage. In 2002 a major policy review was undertaken to reformulate these goals as they were seen as too broad to have a steering effect. The result was the Policy for Common Development (Politiken för Gemensam Utveckling - PGU), which is to define how Swedish policy in general can contribute to the overall goal of a fair and sustainable global development through the pursuit of the Millennium Development Goals (MDGs) (Prop. 2002/03: 19). In this document it is stated that the goals of Swedish foreign aid is to ‘contribute towards creating the conditions for poor people to better their lives’ (Prop. 2002/03: 1). The main goal is supported by six sub-goals. The goal of autonomy seems to have simply been removed, and the goal of equality has been reformulated to social development.

- Respect for the human rights
- Democracy & good governance (transparency, participation, power distribution)
- Equality between men and women
- Sustainable use of natural resources and respect for the environment
- Economic growth (macroeconomic stability, sound fiscal policy, openness to trade and investments)
- Social development
A philosophy that has permeated Swedish aid from the start is that aid is a way to help the poor help themselves. They are not to be seen as passive victims, but as active individuals who, when given the chance, create their own development (Danielson & Wohlgemuth, 2002: 3). Thus, Swedish aid should not be used as a way of selling the Swedish model, but to realize the vision of the autonomous recipient country. The importance of autonomy was highlighted in the 1977 aid bill when it said that certain kinds of aid: ‘are not compatible with the solidarity motive, which must start with a basic respect for the recipient country’s sovereignty and right to decide its own development’ (Prop 1977/78: 10). Another important standpoint of Swedish aid was the view of poverty as multi-dimensional, and not only focusing on economic factors, but on social factors as well (Danielson & Wohlgemuth, 2002: 18). Although the notion of foreign aid as a way for countries to help themselves still remains, the issue of sovereignty is not highlighted in the aid bills following the one from 1977, the word used nowadays is instead ownership.

One major theoretical contribution in the foreign aid policy from 2002 was the establishment of two perspectives. The first of these is the ‘rights perspective’, in which poor people are not to be seen as passive recipients of aid, but as individuals who strive towards creating their own development, which is based on the Human Rights as defined by the UN (Prop. 2002/03: 20). In this perspective the importance of democracy is highlighted, as it ensures that rights of all individuals are respected. The second perspective is the poor people’s perspective on development. It states that development can never be created externally, it comes from within a society. Poor people must shape their own development, their perspective, needs, interests, and conditions must be in control. It also highlights that poverty is multi-faceted and relative, and so must the approach to it be (Prop. 2002/03: 21).

4.3.2. The practice

Already in 1968 it was established that 1 % of the Swedish GNI should be devoted to foreign aid, which tops the 0.7% agreed by the OECD countries. The 1% goal was reached for the first time in 1976 up until the beginning of the 1990s, and in 2006 it was reached yet again and has been ever since (Odén & Wohlgemuth, 2007: 10). As a comparison it can be mentioned that the average among the DAC countries is around 0.25% of the GNI. The balance between bilateral and multilateral aid started with bilateral aid being seen as a mere complement to the multilateral aid, the benefits of which were seen as specialization, and coordination (Odén, 2006: 181). However, as problems of bureaucracy and misalignment between Swedish and international priority areas were highlighted, a shift towards bilateral aid occurred. In 1977 it was decided that around one third of the
Swedish aid should be given multilaterally, a level that has been fairly stable ever since (Odén, 2006: 182-183).

An important question to answer when evaluating Swedish foreign aid is how and which partners are chosen. The issue of the partners to which Sweden shall provide development assistance is regulated by the government on a yearly basis. Concentration has been part of the Swedish rhetoric since 1962, however, in practice the goal of concentration has not been fulfilled (Odén & Wohlgemuth, 2007: 11). In 1962, the number of partnership countries were limited to seven. Twenty years later the number was 21, and another twenty years down the road, in 2004, Sweden had 120 partner countries. Sweden was during the 2000s criticized by the DAC for not concentrating its aid enough, something highlighted by Sida on numerous occasions as well. In 2007 the Swedish government decided to conduct a country focus-reform of the Swedish foreign aid in line with the Paris agreement from 2005 (Swedish foreign ministry, 2007: 2). The reform cut the number of partners to 33, meaning that around 90 were chosen to be phased out. The selection was based on four criteria:

- What is the extension of the poverty and need for assistance?
- What is the expected efficiency of Swedish aid?
- Is the development of democracy going in the right direction, and if not, would Sweden be able to affect it?
- What competencies can Sweden offer?

The result of this analysis was a strengthened focus on Africa and Europe, and on peace, security, democracy, and human rights. Thus the selection of countries was to be driven by both demand and supply.

Another topic of discussion regarding the concentration of Swedish aid is to which sectors the aid was allocated. In appendix 7 is a scheme showing the sectors where Swedish aid has gone since 1967 with 5-year intervals. A number of things are worth noting in relation to these statistics. The social sector has always been an important sector for Sweden. This includes both health and education, which dominated throughout the 1970s and 1990s, and also work with human rights, which has become more important in Swedish aid and together with the work for democratization and gender equality represented 28% of Swedish aid in 2011. A sector that was of big importance before, but is given little attention today is the production sectors, which includes both agriculture and industries. Another sector that has been on a fairly high level since the 1980s is the humanitarian aid.

The early Swedish focus on local ownership with few conditionalities indicates that even if the issue was high on the agenda since the 1970s, it has not always been implemented in practice (Odén,
2006: 185-186). From the 1960s the mode of giving aid was through donor-driven projects with conditionalities on the project level, such as co-financing of projects. In the 1970s there was an increased focus on local ownership in Sweden, but nonetheless on the condition of a locally created development strategy, even though the content of it was not questioned (Odén, 2006: 151). At the end of the 1970s until the mid-1980s Sweden became more cautious with giving control to the recipient. From around 1983 when Sweden started to accept the conditions set forth by the IMF and WB, local ownership decreased drastically. The local ownership was continually low on the micro-level, and on the macro-level economic conditionalities were common with demands of fiscal austerity, stability, and low inflation. This period lasted until the mid-1990s when the issue of ownership and the need for the recipient to control its own development was back on the agenda. However, the actual development in the area has led to more conditionalities tied to Swedish aid. The macroeconomic were now coupled with political conditionalities regarding democracy and human rights issues (Odén, 2006: 186).

Looking specifically at the expenditures from 2012, we can see that the largest post on the budget for three years in a row has been ‘long-term development cooperation’. This work aims to increase the ownership of aid through engaging in activities that are in line with the poverty reduction strategy created by the recipient. In the best case this will be through general budget support, but if the government institutions and reforms are deemed sufficient (Sida, 2012: 34). This is an indication that Swedish aid aims to become more demand-driven and award more ownership.

4.3.3. International cooperation
In the beginning of Swedish foreign aid history, Sweden differed quite a lot from the average OECD donor country. In the mid-1980s, however, Sweden started to converge with the other countries, and today shares the approach of most other DAC countries, although in general is considered a more ‘soft’ donor. Below is a table showing the way Swedish aid looked in the 1960s up until around 1985.

<table>
<thead>
<tr>
<th>“The Swedish aid model”</th>
<th>“The OECD average”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heavily focused on the poorest nations</td>
<td>Commercial motives weigh heavier</td>
</tr>
<tr>
<td>Strong support for the UN</td>
<td></td>
</tr>
<tr>
<td>A major part of the aid given as a grant</td>
<td>Bigger share as aid credits</td>
</tr>
<tr>
<td>Country programs with a strong recipient influence</td>
<td>Less influence for the recipient in country programs, or no country programs at all</td>
</tr>
<tr>
<td>Ability to finance local expenditures or running costs</td>
<td>Limited ability to finance local expenditures and running costs</td>
</tr>
<tr>
<td>Strong focus on countries whose politics is seen as</td>
<td></td>
</tr>
<tr>
<td>(re)distributional</td>
<td></td>
</tr>
</tbody>
</table>
| Low share of tied aid | Higher share of tied aid  
| Critical towards the WB and the IMF | Trusts the IMF and WB for analysis and policy  
| Fulfill the 0.7-percentage goal | Few countries fulfill the 0.7-percentage goal  
| Active attempts to build bridges between the global North and South in the UN and at international conferences | Support for the Northern positions in the UN and at international conferences  
| Clear cut differentiation between foreign aid and export finance | Unclear differentiation between foreign aid and export finance  

Source: Odén & Wohlgemuth, 2007: 19

In 1992 the DAC countries established a long range of *best practices* that were to be used to operationalize all knowledge and decisions that had been taken in order to create a common vision on how to conduct efficient aid (Odén & Wohlgemuth, 2007: 3). Sweden took part in the development of these practices and agreed to abide by them. The best practices can be found in appendix 8. These were the start of almost one hundred international conferences and meetings aimed at making foreign aid better coordinated. The most important of these have been the MDGs of the UN and the Paris Declaration of the OECD. The MDGs defines eight specific goals for the world that should be fulfilled by 2015, these are to be the basis of the aims of Swedish development (Prop. 2002/03: 19). The Paris Declaration was the result of a long range of conferences discussing aid efficiency, 94 countries representing both donor and recipient countries met in 2005 to establish five principles that should be held when giving ODA, which can also be found in appendix 8.

4.3.4. Civil society and the private sector

Swedish aid can be said to have grown out of the work of voluntary organizations in their work with countries in the global South (Odén & Wohlgemuth, 2007: 16). That is why it is no surprise that Sweden is among the countries that have given the largest share of their ODA to organizations, in 2013 NGO support by Sida was 8% of the money allocated (Sida, 2013). Nevertheless, in the beginning the support for NGOs was not without reservation, and they were only to be used if Swedish agencies were unable to perform a certain task (Prop. 1962). This careful approach continued until the 1990s when NGOs were being increasingly seen as more locally anchored, possessing better knowledge, more flexible, quicker, and able to work in countries with which the Swedish government did not wish to collaborate. In the most recent aid bill the support of these organizations is highlighted as they are described as having an important role in the development process, both through practical work and as opinion builders, being seen bearers of values of human rights and democracy (Prop. 2002/03: 54).
Corporations have also been a partner in Swedish aid since the start in 1962, both in the sense of developing corporations in the partner country, and fostering commercial relationships for Swedish companies. These efforts were seen as way of increasing trade and investments internationally and subsidize the establishment of Swedish companies abroad (Odén 2007: 189; Resare, 2011: 8). During the 1960s and 1970s commercial actors had a relatively limited role in the development work. However, in the 1980s it grew to become a cornerstone in the foreign aid, representing around 10% of all aid. A common type of aid were u-credits and tied consultancy funds, which were grants or loans that required the recipient country to buy certain services or goods from Sweden. However, tied aid was increasingly seen as inefficient in the late 90s, and in 2001 the OECD decided that all DAC countries should move towards untying all aid (Resare, 2011: 8). This move to untie the Swedish aid was in 2006 fought fiercely by a number of interest organizations representing Swedish companies claiming that it would be devastating for the Swedish private sector if the aid were to become untied (Prop. 2002/03: 104). The Swedish government bowed down to these demands and went against the OECD recommendations of untying all aid. It was first when the Paris Declaration had been signed that Sweden started a more general untying of its aid (Resare, 2011: 9). This meant that Swedish companies became excluded from the aid sector, which does not rhyme well with the aid bill from 2002 in which it is stated that Swedish companies should have a role to play when Sweden offers development assistance (Prop. 2002/03: 77). Thus, a number of initiatives have been established or strengthened in order to keep Swedish companies engaged in foreign aid. The main ones are the Business for Development (B4D) initiative and the state-owned venture capital fund Swedfund.

The B4D program was established to leverage the knowledge within Swedish companies in order to spur development in developing countries. This is done through for example Private-Public-Partnerships, or investment guarantees. A typical example would be one from 2011 when Tetra Pak and the World Food Program started a project aimed at delivering milk to schools in Zambia (Sida, 2011: 48). In 2011 the number of B4D project increased greatly, a trend that is looking to continue given the foreign aid budget from 2012 ‘Sweden ability to effectively contribute to the fulfillment of the millennium goals increases substantially if the government can work together and better make use of the private sector drive for initiative, experience, expertise, and resources’ (Prop. 2012/13: 37).

Swedfund was created in 1978 as an investment fund devoted to investing in developing countries and setting up partnerships and joint ventures between Swedish firms and firms in the developing
world (Odén, 2006: 89). The goals of the fund were determined to be the same as for Swedish foreign aid in general, that is economic growth and development (Prop. 1977/78: 118). In the beginning it was not allotted much funds in the foreign aid budget and its role in Swedish development was limited before the mid-2000s. In the aid bill from 1988 it is noted that the motives and initiatives of Swedfund have not always been aligned with the general goal of solidarity, and that the volume of the engagements have been very modest (Prop 1988/89: 58). As the untied aid grew in the mid-2000s, Swedfund was increasingly being seen as more important by the government. More than half of the funds, around $200 million, invested by Swedfund were invested after 2007, thus there have been a large increase in Swedfund investments during these years (Resare, 2011: 16). Although Swedfund is officially untied to Swedish interests, there has been a clear focus on help Swedish firms establish a presence in developing and transition economies. This somewhat contradicting attitude can be seen in the yearly report from 2011 ‘Activities should be guided by the principle of untied aid. In its activities, for the purpose of developing the Swedish business sector’s involvement in development cooperation, the Company should strive to collaborate with Swedish companies.’ (Swedfund, 2011: 3). Swedfund’s and Sida’s B4D program has also received criticism for not having the goal of poverty reduction as its main one, for lacking in transparency, and for in practice offering tied aid to developing countries (Resare, 2011: 6).

4.4. Conclusion

I will now briefly sum up the major changes in Swedish foreign aid policy and practice that can be seen in general and in the specific partnership with Tanzania. Starting with the Swedish foreign aid policy and rhetoric, we can see that there have been no major changes. The motive is still described as one of solidarity, with enlightened self-interest coming at a close second. The various goals of Swedish aid are also largely unchanged. Although there have been different focus areas, and some have been more important than others throughout the times, the ultimate goal has always been poverty alleviation, although the wording used in the policy has changed slightly. A recent contribution to the rhetoric of Swedish aid has been the establishment of the two perspectives, which both focus on individual rights and responsibilities. The rhetoric in general has also become more focused on the individual rather than the country, an example being that whereas state autonomy was highlighted in the past, the issue of individual freedom is the focus of today’s PGU. An interesting point to note is the goals of economic growth, which PGU clearly indicate how to achieve, namely through restrictive fiscal policy and openness to trade and investments. The economic growth
should, however, be fairly distributed seen in the final goal of social development, which aims to develop a welfare state in developing countries in line Swedish experiences.

While the policy and rhetoric have been fairly stable during the past three decades, the practice has changed considerably. From the 1970s Sweden gave aid with few conditionalities, in 1980s economic conditionalities were commonplace along with a general mistrust in the state. In the 1990s the issue of ownership was becoming more important, and Sweden expressed a wish to give the recipient country more control. At the same time, however, the conditionalities increased in number and now also included political ones regarding democracy and human rights. This can be seen in the sector focus, as the political issues of good governance and democratization were present in both Tanzania and the foreign aid in general. The increased focus on governance must be seen in the context of the Swedish wish to give more ownership, but throughout the 1990s expressing frustration over the fact that local institutions were too weak to administer program aid and budget support. In recent years, however, institutions are being seen as increasingly able to receive budget support, which is always contingent on certain factors such as the Tanzanian ones of continued economic reforms, democratization and the fight against corruption. Changes in the country focus tells us that the initial focus on the poorest nations in the world has been somewhat broadened, and now Sweden engages in a number of transition economies in Eastern Europe as well. The most dramatic change, seen in both aid in general and in the specific relationship with Tanzania, took place as Sweden sided with the IMF rather than continue their previous support for ujamaa.

One of the most important underlying reasons for the changes in foreign aid practice has been the increased international cooperation. The increased international cooperation is derived from the expressed need to coordinate donor efforts, but is also the result of a more general internationalization. The result has been that Sweden’s foreign aid has become more like that of other OECD countries, and documents like the UN MDGs and the Paris Declaration is now steering the focus and method of Swedish aid. This is of course seen in the work with Tanzania as Sweden today as Sweden uses the PRSP and TAS as basis for it work and focus.

From 1978 when Swedfund was created, there has also been an increased focus on the private sector. Private sector development is seen as a major component in spurring economic growth, which in turn is seen as a prerequisite for poverty reduction. Furthermore, Swedish companies are seen as potential agents of change and both Sida and Swedfund today work with Swedish companies helping them establish in the developing world hoping to create what is called a “win-win-win” situation. Although Swedish companies and lobby organizations have expressed a strong wish to expand and
continue this work, critique has been heard regarding if the main focus of the program really is poverty alleviation and not the interests if the Swedish business clients. In the review of the most recent Tanzanian CS we can see that the importance of developing a B4D program in Tanzania is highlighted. I will now move one level further in trying to explain these changes, by looking at the changes in the Swedish model of capitalism and the Washington Consensus.

5. Exploring a world in transformation

In the following three sections I will give an analytical account of changes in the Swedish model of capitalism, the rise and supposed decline of the WC, and the development of the neoliberal hegemonic project. Throughout this I will use my theoretical framework to uncover the underlying structures and actors, focusing on neo-Gramscian elements of social relations of production and discourses. The last part of this analysis will combine these analyses with changes in Swedish development policy and practice to answer the original research question.

5.1. The Swedish model of capitalism

In this paper the Swedish model will be defined as the specific Swedish political economy that was developed in the mid 20th century. It was based on a compromise between labor, capital, and state and was the foundation of the Swedish economy and welfare state. During the 1970s this compromise, which partly relied on a promise of non-interference with capital by the state started to crumble due to regulation on employment relations. In the three decades that followed, wage negotiations became decentralized, the economy was deregulated and liberalized, and welfare privatizations were undertaken. In 2009, there was a failed attempt to create a new compromise to replace the 1970s regulations, indicating that the political economy of Sweden has changed considerably since the formation of the Swedish model. I will now explore this event using my theoretical framework with a special focus on the social relations of production as a source of power in an attempt to find the underlying reasons bringing about this change.

5.1.1. 1920 - 1960 – Origins

The Swedish model originated in the aftermath of the 1920s depression, as the ruling Social Democratic Party (SAP) looked into the issue of keeping full employment in a situation of insufficient demand (Blyth, 2001: 5). This was rooted in a deeper fear of conflicts in the labor market as seen during the constant strikes and lockouts during the 19th century in the Swedish economy (Arbetsmarknad, 2012). The result was the Saltsjöbaden agreement, signed in 1938 by employer’s organizations and labor unions, known as the historical compromise (Korpi, 1982). The
two actors signing the agreement were Landsorganisationen (LO), which is an umbrella organization for blue-collar unions, and Svenska Arbetsgivareföreningen (SAF), which was the employers’ organization and today is called Svenskt Näringsliv. Historically, LO has had a very close relationship with the SAP. Many prominent figures were members of both organizations, the two are often called the two legs of the Swedish workers movement and to this day LO contributes 6 million SEK to the SAP every year (SAP, 2013). The Swedish model was later theorized and described by the Rehn-Meidner Model in 1951, created by two trade union economists. The model rested on four policy pillars: full employment, meaning promotion of labor mobility through supply-driven training and public investments; ‘wage solidarity’, meaning that workers were paid handsomely according to their skills and not according to the productivity of the company they worked for to avoid wage drift; promotion of the Swedish export sector; and low inflation, meaning that a restrictive fiscal policy was pursued (Schryder, 2012: 1127). The promotion of the Swedish export sector came from the idea that the high ‘solidarity’ wages would cause inefficient firms to go out of business, unless they increased their productivity. Unemployed labor would then be able to smoothly transit into new jobs due to the active labor policies, thus stimulating the growth of more efficient sectors, which would increasingly serve export markets. Thus, in terms of the level of state intervention in the market, the industrial policy was largely based on market mechanisms. This meant that only the most profitable companies survived, far from the idea that the socialist government handpicked the winners (Schryder, 2012: 1128). Instead, the state tried intently to weed out the weakest firms in order to grow the economy through the few that survived the harsh institutional environment.

The SAP believed in high levels of business concentration, and centralization of labor-market relations, since this was thought to ease coordination and stability in the economy (Blyth, 2001: 6). This led to that the Swedish economy became dominated by large capital-intensive firms who were favored by the tax legislation and credit market regulation (Henrekson & Jakobsson, 2000: 9, 12). The high business concentration led to a private sector dominated by few and large owner-families with close ties to the SAP government, a government that continuously favored these families’ control (Schryder, 2012: 1128). The welfare state expanded rapidly after the Second World War as a result of the unharmed industry and rapid economic growth internationally. The years between 1950 and 1970 are known as the record years due to the rapid economic growth Sweden experienced. In the 1950s, universal health insurance, unemployment insurance, pensions, and education were all expanded and made more inclusive (Kokko, 2010: 19). Between 1960 and 1975 the share of social expenditure of the real GDP grew with 4% annually, from around 15% to 30% of the total GDP.
(OECD, 1985: 21). At the same time there was full employment and continual wage increases. Taxes were raised, with the major tax burden laid on the labor, but as the welfare expanded and taxes made progressive, there was a general acceptance of these tax increases (Kokko, 2010: 19).

By not challenging ownership, that most fundamental element of capitalist relations, and by narrating this through a new set of economic ideas that promoted the goals of welfare, equality, and full employment as positive sum, the Swedes developed a conception of the economy and a set of distributional institutions aimed at consolidating the social democratic political project within the framework of a capitalist open economy. (Blyth, 2001: 7)

Using our neo-Gramscian perspective on this institutionalization of labor-market relationships, we can see that at this point in time power between labor and capital was quite balanced. This was mainly due to the coherence of interests within each group. Laborers were unified by the belief in the welfare state and promise of full employment, and capital supported the compromise due to the promise of non-interference by the state. So, there seemed to be a sincere belief in the model, however both parties had also shown to possess considerable material power during the conflict years in the early 20th century, which were filled with strikes and demonstrations. An interesting point to note is the highly concentrated power seen in the close relationships between state, labor and capital. The state was dominated by the SAP, who in turn had close ties to the union leaders and the largest business families. These relationships were the infrastructure with which the Swedish model was built.

So, the close ties between state, labor and capital were a precondition for the tripartite agreement. This concentration of power can be derived from the composition of the economy, or as was described in section 3.2.5., the regime of accumulation. Therefore it becomes interesting to look closer into the accumulation regime that created these relationships. The social relations of production, and thus power, were based on the production system of Fordism described in section 3.2.5. The Fordist regime of accumulation is an accurate description of the Swedish model and its social relations as it shows how both labor and capital under this system were quite homogenous and unified and thus able to unite around certain interests. The social relations of production that were created in this system rendered equal power between labor and capital, and thus a situation where both parties saw the benefit of compromise. The particular form of Fordism that was the basis of the Swedish economy relied on cheap raw material for an export oriented production sector with a narrow focus (Ryner, 1999: 56).
Thus we see that the Swedish model was part of a national historical bloc. Going back to the definition we know that hegemony is a fit between material forces, a collective image of the world order, and the institutional framework. The material forces between labor and capital were balanced, with both parties having a considerable power of withholding resources from production. The collective image, described by Blyth above, shows how the different parties saw the benefit in the compromise, and therefore they shared a belief in the benefit of it. And finally, this was of course supported by the institutionalization of the Swedish model itself, relying on bipartite and centralized negotiations.

5.1.2. 1970s – The beginning of the end
In 1969 there was a wildcat strike started in the LKAB mine in Kiruna that would prove to have a great impact on the historical compromise (Ryner, 1999: 53). The workers were unhappy with their wages, working conditions, and current patterns of authority at the workplace (Blyth, 2001: 8). Adding to these frustrations were general frustrations that could be traced to the increasing fractionalization of labor. The growing white-collar unions, TCO and SACO, were to a less extent subjected to pressures derived from international competition, and their support decreased for the ‘solidarity’ policy, a policy which in practice meant that more productive workers had to sacrifice wage increases in the name of solidarity with less productive workers. This led to increasing frustration among more productive blue-collar workers who wanted higher wages (Schryder, 2012: 1131). LO chose not to negotiate in order to end the strike, but moved to push the SAP towards legislating in order to give workers more power through ‘the democratization of working life’ (Blyth, 2001: 8). Due to the close relationship between LO and the SAP, a number of laws were adopted including; laws on employment protection (1974), the introduction of board-level codetermination (1974), and an increase in co-decision rights at the shop-floor level (1976) (Schryder, 2012: 1132).

The wildcat strike of 1969 was an indication that labor was becoming increasingly fractionalized and we see how the fading support of solidarity wages from certain fractions created tensions within the unions. The growing service sector and increased internationalization of production made it hard for the labor movement to speak with a unified voice and thus its power decreased. The fractionalization was based on one of the axes that van Apeldoorn has defined as the one between international and national interests as described in section 3.2.2. The power of unions is based unification around a shared idea, which leads to better material circumstances for the whole. As soon as fractions start choosing to support issues that only benefit a minority, the coherence ends. When such fractionalization occurs, the unions lose their number one source of power, the ability to fully
withdraw their factor of production from the economy. Thus, as the economy changed, the unions were losing power.

By moving to impose laws on the business sector, the SAP had slaughtered the holy cow of non-interference with private ownership. The interference peaked in 1976 when LO introduced the idea of wage-earner funds (Schryder, 2012: 1132). The wage earner funds would give labor an ownership share in the company they worked in through a tax on profits. The funds became an important issue in the 1976 election. In what was seen as a full frontal attack on business the SAF fought back fiercely by trying to gain public support for its cause. A new generation of leaders took control of the SAF in the mid-1970s and it awoke from its ideological slumber. In 1976 the SAP lost an election for the first time in over 40 years, and the wage earner funds were thus not realized (Schryder, 2012: 1132). However, the political activity of the SAF did not falter, quite the opposite, its resources doubled, and by 1980 SAF had twice the income and eight times the strategic reserves of LO (Blyth, 2001: 10). In 1978 the think-tank TIMBRO was formed by the SAF, which became a hugely influential political actor in lobbying for the interests of a new generation of capital (Blyth, 2001: 16).

During the 1970s, the Fordist system of capital accumulation entered a crisis. The system had reached its sociotechnological limit and thus productivity declined, which led to increasing inflation and declining growth (Boyer, 2004: 45). The crisis was seen in the Swedish economy, which during the 1970s experienced low and sometimes negative growth. The vulnerability of the Swedish version of Fordism as described in section 5.1.1. can be clearly seen in this instance. As soon as the global demand decreased, and the price of raw material increased, the Swedish production suffered. As the Fordist accumulation regime was under crisis, the social relations of production in Sweden were changing as well. The fractionalization of labor was based on the Fordist separation between conception and execution, seen in the white-collar and blue-collar unions. As production became internationalized and service-focused, the relative growth of the white-collar fraction of laborers made unified wage bargaining difficult and led to a weakening of labor. At the same time capital was gaining power as a result of the internationalization of production, which made capital increasingly mobile. This mobility enabled it to punish or reward certain behavior and thus awarded it substantial structural power in relation to both state and labor. Added to this, in the late 1970s, capital became more confrontational and its values more extreme, arguing for a complete overhaul of the Swedish model. The power balance that was the basis of the Swedish model was thus tipping in favor of capital. Trust in the Swedish model and the ability of the state to manage the economy declined, and
public support for market solutions were increasing as the unions were seen as the root cause of the crises (Ryner, 1999: 55).

The SAP election loss in 1976 thus reflects the fading support for the institutional set up that made up the Swedish model among the general population. The collective image of the national order was crumbling and the institutions were changing. Labor was becoming fractionalized and weak as a result of the crisis of Fordism. Capital lost faith in the model and developed a new more confrontational political agenda. It used the momentum of the public sentiment regarding unions to reshape the discourse of society through moral and intellectual leadership. Visible here is the organic crisis in the dissolution of the power relationships between state, labor and capital, which were stabilized through the Fordist accumulation regime. Out of the ashes of the old historical bloc, a new was forming. The interests of capital were presented as the interests of society in general, and slowly but surely public opinion for these causes gained foothold in society.

5.1.3. 1980s – The Third Way policy reform
The SAP loss in the 1976 election came in the midst of an economic crisis, inflation was rising at the same time as the economy stagnated. The government formed in 1976 was a coalition of three right wing parties, and the time between 1976 and 1982 would be characterized by an expanding welfare state and liberal tax reforms. Nevertheless, the period in power of the bourgeois parties turned out to be a disappointment for business interests and SAF. The right wing government was not able to pursue a politics of their own, partly due to the power of LO, which worked fiercely to oppose any reform attempts (Blyth, 2001: 12). Ironically, it was not until the SAP came back into power in 1982 that the Swedish model started to become significantly dismantled, and this time the reforms were backed by LO.

The political move away from the consensus-based societal arrangement came with the SAP policy named the Third Way, supposedly a way in between Thatcherism and Keynesianism, which was a set of pro-market policy reforms while keeping the welfare state rhetoric (Schryder, 2012: 1132). This economic policy scheme was pursued between 1982-1990 and meant the abandonment of two of the four components of the Swedish model, namely the goals of full employment and ‘wage solidarity’. In 1990 the SAP government stated that full employment was no longer a policy objective, and in the public sector the wage solidarity principle was replaced by more flexible wage structures (Schryder, 2012: 1132). A second important feature of the Third Way policies were the financial deregulation and tax reforms, which removed lending ceilings for banks, loosened restrictions on cross-border capital movements, made equal different sources of finance, and lowered the tax
progression (Schryder, 2012: 1132; Henrekson & Jakobsson, 2000: 24). These reforms thus benefitted smaller and knowledge-based companies. Add to this that in 1983 the Metalworkers Union withdrew from the centralized wage bargaining as a result of reaching an industry-level agreement, severely weakening LO and undermining the principle of wage solidarity. This indicated a trend towards more flexible wage structures (Blyth, 2001: 13).

During the 1980s a US-led search for a post-Fordist accumulation regime started. There was a diversification of its industry towards more knowledge intensive sectors, the labor force was divided into fractions of low-skilled and specialized labor thus decreasing the will and need for centralized wage setting, there was an increased belief in the ability of the free market as a regulator and driver of growth, and finally, there was a financialization of the economy (Boyer 2004: 49). The financialization of the US economy has been researched extensively by Krippner (2005: 4). She establishes that the patterns of accumulation in which profits is accrued has during the 1980s and 1990s shifted greatly from trade and production towards provision and transfer of liquid capital. These developments originated and took place mainly in the US, nevertheless, the same developments were seen in Sweden with the ‘Third Way’ policies. The retrenchment of the state and the rise of the market were held up by the SAF in Sweden as the necessary medicine that Sweden must take to return to the record years of growth. The ‘Third Way’ policies were thus an indication of the success of Swedish capital to shape the political elites into agreeing to take this medicine. This medicine has become known to many as neoliberalism, which was to be the reigning ideology and discourse in the years to come. Peck defines neoliberalism as:

… a contradictory process of market-like rule, principally negotiated at the boundaries of the state, and occupying the ideological space defined by a (broadly) sympathetic critique of nineteenth century laissez faire and deep antipathies to collectivist, planned, and socialized modes of government, especially those associated with Keynesianism and developmentalism. (Peck, 2010: 20)

Neoliberalism has taken many shapes, and the specific kind of neoliberalism that was pursued in the 1980s in Sweden can be likened to what Peck and Tickell (2002) described as the rolling back phase of neoliberalism. This is an approach to problems and challenges characterized by a rolling back of the state to make room for the market. It focused on ‘dismantling alien institutions, disorganizing alternate centers of power, deregulating zones of bureaucratic control, and disciplining potentially unruly (collective) subjects’ (Peck, 2010: 22). In doing this, the social relations of production were changing as the market was increasingly seen as the more suitable provider of products and services. So, if the state is an imperfect reflection of power struggles, the Third Way policies are an imperfect
reflection of how capital was gaining ground. Capital first gained material power as a result of the increasing internationalization of production, following this, the ideational power increased as neoliberalism was effectively portrayed as the only way out of the economic downturn, and finally as this political discourse was made into politics with liberalizations, their material power increased further.

The Swedish model had thus lost its power balance between labor and capital, the collective idea of how the economy should be organized, and ultimately the institutions that made this possible. A new society was forming. The material power of capital increased with deregulation. The political elites and society in general believed that liberalizations were a necessity for the survival of the economy, thus complementing them with a collective image of the world order. The institutions were becoming more flexible and individualistic, seen in e.g. the wage bargaining fractionalization. An organic fusion between civil society and state was slowly forming. As described in section 3.2.4., capital unified a critical mass of interest and entered into its most ‘the most purely political phase’ to construct a hegemonic project. In doing this capital had gained a ‘comprehensive concept of control’, they managed to distill an idea of how capital should be accumulated and presented their fractional interest as the interest of society in general. In practice this can be seen in that even traditionally left-wing SAP ministers were being influenced by the interest of capital, moving towards neoliberalism with the Third Way policies. Given that these developments paralleled those in the US, it is important to note that although the Swedish model was a largely national creation, the values and ideals of the ‘Third Way’ were transnational.

5.1.4. 1990s – Crisis, response, and recovery
During the years of the ‘Third Way’ policies, the Swedish economy was doing rather well as a result of the rapid inflow of capital. This lasted until 1990 when a severe economic crisis hit Sweden, and in 1991 the Social Democrats lost power for the second time in 15 years (Ryner, 1999: 62). 1991 was also the year that the resistance of SAF to negotiate wage centrally peaked, and thus some six thousand business representatives were withdrawn from negotiations, broadly moving wage negotiations to the industry level (Blyth, 2001: 14). The tendency to decentralize the wage bargaining continued with the fractionalization of unions, as the economy was becoming more internationalized and knowledge-based (Ryner, 1999: 61). Nonetheless, the unions were in some instances active in contesting the Third Way policies, and were successful in blocking some welfare reforms (Schryder, 2012: 1133).
It is interesting from a theoretical point of view to note that even if labor was becoming more fractionalized, they were still contesting some of the reform attempts. Arguably the blocked reforms were those that the labor class could agree on were detrimental to their combined interest, such as broad cuts in welfare provision. Whether this resistance is an indication that there was no comprehensive concept of control is another question. A historical bloc will never perfectly reflect one utopian idea, there will always be resistance and compromises, and Sweden was no exception. The claim that capital did have a comprehensive concept of control does not mean that their attempts to influence policy and society will always be successful and unopposed.

The crisis shrunk Sweden’s GDP by 12% between 1990-1993, this combined with rising welfare costs on account of soaring unemployment resulted in a political consent that reform was needed, and there were some re-regulation of the financial sector (Larsson, 2003). However, the right-wing coalition government continued the liberalizations, deregulations, deficit reduction, inflation control, benefit cuts and balanced budgets rather than focusing on full employment and redistribution of income. They also initiated a process of individualization and privatization of public companies and the pension system, and opened up for private providers of education and healthcare (Larsson et.al, 2011: 4). Even though the SAP regained power in the 1994 election, the liberalizations continued and in 1995 Sweden joined the European Union. Now began an economic recovery that has been hailed by many as a success of an updated Swedish model. By 2000 Sweden had a positive and stable GDP growth, and in 2011 the Economist crowned Sweden as the ‘North Star’ praising its economic performance in the midst of the global economic crisis (Schryder, 2012: 1133). There were four main developments of Swedish society and economy leading up to the years of stable growth in the 2000s.

First, there was heavy public investment in skills and education. The investments were focused on creating a vocational training system that produced higher-skilled workers that were more suited for the needs of the business community, rather than the schooling system from 1971 focusing on broader and more transferrable skills. There was also an increased support to higher education, which doubled between 1990 and 2000 (Schryder, 2012: 1134). Secondly, there were cutbacks and privatization in the welfare system as unemployment benefits were reduced and state monopolies within education and healthcare broke up. Although the welfare sector continued to be inclusive and free, the deregulation of the education and healthcare sectors led to a large increase in the number of private providers. According to the neo-conservative think-tank Heritage Foundation, in between the years 1996 and 2012 Sweden was the country in the OECD that liberalized at the quickest rate
(Svenska Dagbladet, 2012). The Swedish welfare state had become more favorable to flexible work and career patterns (Schryder, 2012: 1135).

Thirdly, the industrial policy changed with the aim of promoting smaller firms, as entrepreneurs were seen as the creators of growth in the new economy. The previous tax regime favoring large companies was removed, and a new Reaganite system which reduced corporate tax rates from 55 to 30 percent was adopted (Schryder, 2012: 1136). The growing ICT sector relied on venture capital, and Sweden had the largest venture capital markets in the world in relative terms (Armour & Cumming, 2006). The money in these markets partly came internationally after the deregulation that took place in the 1980s, but also from a growing number of public funds aimed at supporting ICT. Finally, after the demise of centralized wage bargaining in the early 1990s, there was a return to centralized agreements in 1997. In 2000 a National Mediation Office was established that was given the task to set the standard for wage negotiations in the Swedish economy (Schryder, 2012: 1137). However, a more serious problem was emerging, that of unemployment. Even though Sweden had shown positive growth numbers in the period 1995-2008, unemployment rates remained high. The issue of unemployment and jobless growth was heavily debated in the election of 2006 (Schryder, 2012: 1138).

Returning to the theory, what we see here is the search for a new accumulation regime in the post-Fordist economy. Knowledge intensive SMEs are promoted as these are seen as the new drivers of the economy. They are supported by liberalized financial frameworks and an educational system that offers specialized high-skilled workers. The development of this kind of society has been described by Phillip Cerny as the creation of a ‘competition state’. As states become more internationalized and integrated in the world economy, they start acting like market actors by trying to maximize the competitiveness of their enterprises and economy internationally. In practice this means ‘a shift from macroeconomic to microeconomic interventionism; greater concentration on securing a dynamic competitive advantage; the rise of neoliberal financial orthodoxy; and the promotion of enterprise, innovation and private profitability’ (Cerny, 1997: 102). Bob Jessop (1993) also talks of the competition state in the form of the Schumpeterian Workfare State (SWS). The SWS is conceptually parallel to the Keynesian welfare state, but instead of trying to protect its citizens from the market logic, it seeks to modify welfare to the goal of labor market flexibility. Social policy becomes reoriented towards competitiveness and away from welfare security and redistribution. This is most clearly seen in the abandonment of the policy of full employment. However, the return to centralized bargaining in 1997 indicated that Sweden was far from converging with a pure market-based model.
in terms of labor negotiations. Nonetheless, labor as a whole was becoming divided up in a core of highly skilled workers who were paid fairly well, and a workforce in the periphery who were unemployed or had low-end jobs (Ryner, 1999: 61). This division of the labor market into these two broad groups is something that the SAF pursued by since the 1980s.

So, as the state wanders into unknown post-Fordist territory, it does not withdraw, but rather does its utmost to align society with market forces. Internationally it tries to stabilize the reoccurring crises, and nationally it is trying to promote its industries’ competitive advantage by promoting certain sectors and making labor more flexible and more fitting to the needs of business. Capital is given more freedom, and labor is less protected. In neo-Gramscian terms this leads to increasing power for capital due to the changing social relations of production given by deregulation and financialization. Labor is becoming more specialized and fractionalized, and capital gains increasing material power from the new institutional framework and state support. What must be remembered, however, is that the welfare state stayed inclusive and extensive while there were ambitious attempts at centralizing wage bargaining.

The development of the competition state can be seen as a part of the second phase of neoliberalism, the rolling out phase. Peck and Tickell (2002) claims that the neoliberal project faced insurmountable critique in the beginning of the 1990s as a result of the ‘deregulatory overreach, public austerity, market failure, and social abandonment’ (Peck, 2010: 22). The destructive policy reforms had led to state withdrawal with nothing filling the empty space created, and in Sweden this led to the 1990 crisis. Thus began the second phase of neoliberalism, the rolling out phase. The rolling back phase is associated with ‘an explosion of “market conforming” regulatory incursions—from the selective empowerment of community organizations and NGOs as (flexible, low-cost, non-state) service providers, through management by audit and devolved governance, to the embrace of public–private partnership... ’ (Peck, 2010: 23). The creative and proactive rolling out phase was one of institution-building and government intervention within the frames of the neoliberal project. Hence, this did not mean an abandonment of the rolling back values from the 1980s, but rather a series of reforms to complement these to make the market function better. In relation to Swedish developments we can see this in the attempts to create more flexibility in the labor market, and in the attempts at offering an institutional framework in which the kind of companies were promoted which were thought to be the new drivers of the economy. It is important, however, to note the fact that Sweden kept much of its previous welfare state indicating that Sweden did not fully commit to neoliberalism. This specific type of neoliberalism of Sweden has been described as ‘compensatory
neoliberalism’. It is not the hyperliberalism led by financial capital that Reagan introduced in the US, and that the SAF was promoting, but a liberalism that combines neoliberal policies with traditional welfarist images and rhetoric (Ryner, 1999: 46). This means that in certain instances it promotes public norms in the place of market mechanisms. The development of this type of neoliberalism is connected with the fact that productive capital still held a large amount of power in Sweden. The needs of productive capital differ from financial capital, as it is in greater need of a stable socioeconomic framework thus the state must see to it that this is kept intact.

5.1.5. 2000s – Remnants of a model past
In the 2006 election, the right wing coalition reinvented their rhetoric. For the first time they abandoned the talk of privatization, deregulation, and low taxes, and fought the Social Democrats on their home field. For example, the conservative party changed their name to the ‘New Conservatives’ (Nya Moderaterna) and spoke of themselves as not only the ‘New Labour Party’ (det nya Arbetarpartiet), but also ‘the only workers’ party’ (Sveriges enda arbetarparti) (Larsson et.al., 2011: 4). By doing this they were playing on the sentiment that the SAP had abandoned those they claim to represent, the workers, while promising a full commitment to bring the unemployment rates down. According to many, the issue of unemployment was one of the main reasons why the SAP lost the election in 2006 to the coalition of right-wing parties (Ryner & Kuisma, 2012: 335).

The right-wing coalition government, although using left-wing rhetoric of solidarity and equality, initiated a retrenchment of the welfare state and further liberalizations. The VAT and tax on earned income was lowered, increases in unemployment insurance membership fee led to a significant drop in the number of people who were covered by it, and stricter rules regarding sick leave were established (Ryner & Kuisma, 2012: 335). The new government did manage to decrease the unemployment, decreasing it from 7.7 % in 2007 to 6.2 % in 2008. However, an important difference between how unemployment was tackled historically is seen in the focus on low-wage jobs in the private sector. In the 1970s, job creation came mainly from the public sector. In contrast, the right-wing government of 2006 created tax incentives for creating low-wage and low-skilled private service jobs, mainly in the domestic service sector (Schryder, 2012: 1138). Reducing the unemployment rate was crucial in the 2010 election, in which the right-wing coalition took another and this time historical victory, according to many ending the Social Democratic dominance of the 20th century (Schryder, 2012: 1138). Another important reason for the second consecutive loss of the SAP party was the fact that it could not offer a serious alternative to the right-wing coalition. The Third Way policies and discourse of a conditional social citizenship had decomposed the social
liberal ideology (Ryner & Kuisma, 2012: 335). The change in discourse and attitudes that followed the Third Way policies can be seen in surveys conducted in the Swedish population as well. For example, it has been shown that the Swedish people are becoming increasingly reluctant to pay for other people’s welfare (Steinmo, 2010). Also, when people were asked in 1978 who they thought was most capable of running a firm efficiently, 38% answered business leaders/entrepreneurs, in 1997 that same number was 90% (Henrekson & Jakobsson, 2000: 22).

The bipartite agreements between unions and the employers organization showed signs of being revitalized in 2008 when the parties sat down to negotiate a new Saltsjöbaden agreement in an attempt to remove the legislation on employment protection laws. However, in 2009 the negotiations broke down after the parties could not agree on a number of issues, with each part blaming the other for the breakdown (Affärsvärlden, 2009). An important connected issue is whether unions today can be said to represent labor at all, given the rise of a low-skilled labor class. Between 1990 and 2012 the share of the working population that are members of a union has dropped by 11% from 82% to 71%. Notable is that between the ages of 16 and 24 only 36% of laborers were union members in 2012 (LO, 2012: 7). The main reasons for not being a union member across all demographics were that it was seen as too expensive, uninteresting, or a result of disappointment with the work of the unions. So we see that there is a decreased interest and willingness to join the unions, severely weakening them.

In these recent developments we truly see the power of discourse. Although rhetoric has stayed true to Social Democratic values, the discourse as defined in section 3.2.1., changed. No longer are politicians considering state as the creator of growth, the private sector has completely taken that role. Non-solidarity in wage setting can also be seen in the public support for job creation in the domestic service sector, which is also an indication of the entrenchment necessity of market solutions. These reforms incited growth in a growing workforce segment of low-skilled and low-paid workers, which was seldom seen as a problem. These policies were not pushed by some secret malevolent political alliance against the will of the people, they were proposed by politicians who were convinced of their necessity, as were people in general. This has been described by Craig and Porter (2004) as the third phase of the neoliberal project called inclusive liberalism. The core idea of this phase is to create inclusive growth in which all members of society are portrayed as potential participants in the market. Inclusive neoliberalism has two core elements. First is the defensive dimension that is simply a reaction to neoliberalism and its failure to establish itself as a stable regime of capital accumulation due to the constant crises of the post-Fordist society (Peck & Tickell,
The second dimension of inclusive liberalism is the expansion of inclusions, which is ‘best seen as both a project of re-framing and reconstitution of society and political economy as a series of plurally institutionalized and “joined up” liberal domains, programmes and subjects’ (Craig & Porter, 2004: 390). This dimension is more proactive and aims to do three things. First, to include everybody in the global economy, for nations this means integration in the world trade, and for individuals it means inclusion in the labor market. Secondly, to de-politicize and go beyond simple market liberalization by including concerns of security, stability, risk, safety, inclusion and participation. This is an ideological and political effort to frame the liberal order as something with a potential benefit for all and without any legitimate alternative. This aim is can of course related to the neoliberal hegemonic project as seen by the neo-Gramscian theory. Lastly, it aims to actively reconfigure structures of society along more global, inclusive liberal lines. Individuals are presented and treated according to their relation to the global market.

Again, the elements of inclusive liberalism need to be coupled with the specific type of neoliberalism presented before, compensatory neoliberalism. Although privatized and deregulated, the welfare state remains largely intact due to the capitalist need for a socioeconomic framework. This is, however, coupled with the neoliberal policies found in inclusive liberalism. This duality of welfarist rhetoric and neoliberal policy reform creates tensions and the lack of fusion of policy and rhetoric makes compensatory neoliberalism unstable and vulnerable (Ryner, 1999: 47).

So, what are the main differences between the current regime the Fordist accumulation regime? The model was based on the relationships between state, market and unions. These relations and the power relationships between the parties changed as the Fordist accumulation regime entered into a crisis in the 1970s. As a search for a post-Fordist accumulation regime started, capital was in a beneficial position to influence centers of power to conduct policy reforms and discourse reformations that were in line with the neoliberal ideology. With the Third Way policies that followed the rolling back phase of neoliberalism started. This phase ended with the 1990 crisis and the rolling out phase started, which also was the starting phase of the more creative competition state. The formation of the competition state led to a more flexible and fractionalized workforce, within a more liberalized and marketized society. As discourse slowly changed, the neoliberal project transcended into its third phase, that of inclusive liberalism. In it, all members of society are seen as market actors and potential benefactors of the market. Power relationships and structural issues are downplayed to the benefit of creating market solutions, all alternative solutions are delegitimized and politicized, and the constant crises are seen as natural to the capitalist system.
However, the pure *inclusive liberalism* described by Craig and Porter, was in the Swedish case mediated by the softer *compensatory neoliberalism*, which kept some integral parts of the welfare state.

In neo-Gramscian terms, the social relations of production have given capital more power. The restructuring of the economy has led to an internationalization of capital, along with a fractionalization of labor. Capital has used this increased power to set up a historical bloc in which their material power in terms of ability to move capital always keeps states satisfying their needs and labor at their mercy. The institutions have become more liberalized and deregulated thus supporting the material power. Finally, the collective image of world order, shared by close to all in society, is the devotion to this system. Flexible labor and free capital are seen as necessities in the world today, and solutions outside this are delegitimized, if they are even thought of at all. However, Sweden has kept some crucial parts of its welfare state, and there have been attempts at recentralizing wage bargaining and reviving the Swedish model. All of this must be seen in the context of the rise of transnational capital and the internationalization of the Swedish economy. Historical blocs might have been a national affair before, as seen in the original model where all the components were accounted for nationally in the Swedish model. Today, however, with the rise of both transnational capital, describing hegemony as something that has a certain nationality would be incomplete. I will therefore present evidence of a transnational hegemony and relate this to the above analysis later in this analysis. However, first I will explore the developments in the second sphere I am looking at in relation to Swedish foreign aid, the sphere of multilateral development organizations. In doing this I will start by describing the rise and supposed death of the Washington consensus.

5.2. The Washington Consensus

The *Washington Consensus* (WC) is a term coined by Williamson (1990) and references to a range of political reforms that several organizations and political institutions located in Washington DC agreed on were necessary in order to stimulate economic development. These organizations were mainly the World Bank (WB), the International Monetary Fund (IMF), and the United States Treasury (Marangos, 2009: 197). Other crucial actors in formulating the consensus were think tanks, prominent academics, and, most importantly, business interests (Kolodko, 1999a: 6–7; Naim, 2000: 91). The set of reforms contained in the consensus was more than a theory of development, it was ‘*economic common sense*’ (Williamson, 1996: 20) and ‘*what serious economists ought to believe*’ (Williamson, 1996: 21). The set of economic ideas were a rejection of heterodox development theories, a reaction to the apparent failure of statist policies leading up to the 1982 debt crisis in
many developing countries (Babb, 2012: 270). The homogenous solutions to the issue of development, which were later labeled ‘market fundamentalism’ (Stiglitz, 2002), focused on prudent macroeconomic policies, outward orientation, and free-market capitalism (Babb, 2012: 269). These principles were based on a strict interpretation of neo-classical economics, which had become fashionable among mainstream, mainly American, economists in the 1970s (Krugman, 2006). Since its heyday, the WC has been proclaimed dead several times and the International Finance Institutions (IFIs) today speak much about the importance of including social indicators and not staring oneself blind on economic ones. I will now analyze the origins, development and current state of the WC and the values that underlay it. I will define the actors that carried out the WC policy reforms as the IFIs, these include mainly the aforementioned WB and IMF, but also other Bretton Woods institutions such as the International Finance Corporation (IFC) and the World Trade Organization (WTO).

As an introduction I would like to briefly go through the major development trends leading up to the WC in the 1980s. The starting point of the development aid from IFIs to the current developing countries is usually described as being from the mid-1960s. During this period development economics were dominated by concepts like the big push (Rosenstein-Rodan, 1964) and stages of growth (Rostow, 1960). These were theories based on the idea that all that was needed for development were massive investments, and economic growth and poverty reduction would naturally follow. As the results of the application of these theories in real life were painfully absent, the development community soon started to shift focus. In the 1970s the development debate became influenced by structuralist theories such as the dependency theory (Frank, 1967) or the World System theory (Wallerstein 1979). These were more focused on the skewed power relationship between the global North and South and sought to achieve an equal distribution of growth, rather than focusing only on growth. They argued for the benefit of not exposing yourself fully to the global economy, as this would lead to dependence on more powerful states. However, these theories never gained a firm foothold within the IFIs, but were mainly accepted within developing countries themselves trying to break free from what they saw as an exploitative world economy (Carlsson, 1998: 7). As the situation further worsened for developing countries with oil and debt crises, these trends in theory were seen as illegitimate and a new approach to development was taken. In neo-Gramscian terms, one historical bloc was dying, and another was soon to replace it.
5.2.1. 1980s - The birth and spread

The spread of the WC started with the US’s highly influential Baker plan, created to deal with the foreign debt crisis in the middle of the 1980s. The plan was simply to use conditional IFI loans to promote growth-enhancing policy reforms in developing countries, these reforms included ‘the privatization of burdensome and inefficient public enterprises, the liberalization of domestic capital markets, tax reform, the creation of more favorable environments for foreign investment, and trade liberalization’ (US Treasurer Baker’s testimony in US House, quoted in: Babb, 2012: 275). It is important to remember that the Baker plan was presented as being to the benefit of developing countries, and not as a way to gain political influence. This method of creating policy reform in developing countries was invented in the WB half a decade earlier. Until then the WB had mostly supported loans for tangible projects such as infrastructure. Due to the global economic crisis in the late 1970s, there was a decrease in demand for these loans. Add to this that US contributions to the WB were being obstructed by Republicans in the US Congress who questioned whether multilateral organizations were actually serving US interests (Babb, 2012: 275). Therefore, the WB was looking into how it could both regain shareholder support and generate borrower demand. The inadvertently solution for the issue of shareholder support came in 1980 in the form of the ‘structural adjustment facility’, which offered loans to support balance-of-payments support, in exchange for policy reforms (Babb, 2012: 275). Fiscal and monetary conditionalities had been practiced before by the IMF, but these new WB conditionalities were aimed at completely restructuring the economy to promote exports and liberalizations. The structural adjustment facilities remained marginal in the WB portfolio in the beginning of the 1980s, until the Reagan administration started to see the potential in them as a political tool with the Baker plan (Babb, 2012: 275). So, the shift in policy recommendations in the WB came mainly from the influence of the largest shareholder of the bank. The US is described by many as having a huge amount of influence in all IFIs as any major policy initiative was contingent on US support (Babb, 2012: 276).

At the same time the IFIs also gained increasing structural power in relation to the developing countries, which gave them power to push these conditional loans. Many developing countries had since the 1970s been adverse to international trade and investments. Import substitution and a number of other policy instruments were used to protect against an international economy that was seen as unfair and exploitative (Naim, 2000: 512). However, during the 1980s many countries in Latin America and Africa experienced long periods of hyperinflation, low growth, and rising poverty. The import-substitution strategy combined with the debt crisis made the situation for many
of these countries unbearable, and they were soon forced to accept IFI loans to avoid bankruptcy. Add to this that the end of the Cold War also created a number of Eastern European transition economies in need of IFI loans, countries that were seen as prime candidates for market liberalization (Naim, 2000: 513).

The Baker plan and the worsening situation for developing countries thus created both demand and supply for structural adjustment facilities, which were seen as excellent tools to prevent developing countries from defaulting while at the same time opening them up for market forces. By the end of the 1980s, policy-based lending made up between 20 and 30 percent of annual WB disbursements (World Bank, 2011). The global and regional IFIs also started to collaborate more closely in accordance with advice from the Baker report. In the years after the introduction of the WB structural adjustment facilities, other IFIs introduced their own with conditionalities of market-liberalizing policy and macroeconomic reforms (Babb, 2012: 276). Soon the WC principles became a global trend and developing countries all over the world started to enact them in the form of a focus on macroeconomic stability, fiscal austerity, market liberalization, and privatization (Marangos, 2009: 202).

The WC was not spread through the coercive means of conditionalities only, normative means were used as well. As developing countries were suffering from foreign debt, negative balance of payments, inflation and so on, they sought the advice of experts, who were for the most part educated in the US and seen as speaking for scientific and legitimate ideas (Babb, 2012: 273). To these economists, the developmentalist policies pursued during the 1970s had proven to be unsuccessful, and simply by implementing the neoclassical principles of the WC any economy would flourish (Naim, 2000: 511). Also, the attraction of the WC grew with the ideological singularity following the fall of the Soviet Union. There was a general sense of failure of state intervention and victory of the market following the end of the Cold War.

Looking at this development from a neo-Gramscian point of view we can make a number of observations. First of all, it is interesting to note that the WC reforms spread due to a change in attitude in the US Reagan administration. We see that a discourse containing certain values of liberalization and marketization formed the basis of the WC. With time, these values became firmly instilled in the organizations that carried out the policy reforms and the countries backing these up. This collective image or world order was complemented by the institutional set-up of the IFIs, which contained the technologies and instruments for distilling these values in their clients. And finally, all this was backed up by the material power of the most powerful country in the world at the time, the
US. This material power is understood both in terms of economy and military. The neo-Gramscian concept of consensual power in relations is also seen as the WC executers were seen as representing a technocratic, scientific approach to development, thus representing the truth. Reforming according to these principles were seen as the right and intelligent thing to do, disregarding the fact that this ideational power was backed up by strong material powers. Again, the WC can be seen as part of the first phase of neoliberalism described earlier, the roll back phase. Belief in market solutions was widespread in the IFIs and to make space for the market the state was rolled back. By shrinking the state in developing countries market actors gained more power and the social relations of productions were increasingly favoring international capital who were able to invest and extract resources from these newly liberalized countries (Peck & Tickell, 2002: 385). We can therefore connect the development of the WC to the crisis of Fordism and the search for a post-Fordist accumulation regime in the US. As neoliberalism became the dominant discourse in the US domestically, it also became the discourse pursued internationally, as the US sought to internationalize its capital. I will return to the issue of the establishment of the neoliberal hegemonic project in section 6.2.

5.2.2. 1990s – Growing critique and changes
During most of the 90s critique of the WC policy reforms was growing. Joseph Stiglitz, Chief Economist at the WB, spoke loudly about the detrimental social effects of deregulations and privatizations, which were seen in many places where the WC had been implemented. It did not matter if the economic growth was rising, if children did not go to school and hospitals did not have medicine (Stiglitz, 1998: 23; Marangos, 2009: 200; Rodrik, 2002:1). Following the IMF and WB response to the 1997 Asian crisis, which included financial liberalization and deregulation, academics like Paul Krugman, Jeffrey Sachs, and James Tobin raised a warning flag regarding the volatility of financial markets and the need to re-regulate them (Naim, 2000: 507). The final point of critique was the fact that the one thing that the WC claimed it could do, incite economic growth, was also noticeably absent (Marangos, 2009: 202).

With time these critical opinions started to gain a foothold in Washington, much thanks to Stiglitz’s positions as Chief Economist at the WB and Chairman of Economic Advisers for the Clinton administration. Stiglitz claimed that the problem lay in the faulty assumptions of existing perfect markets and functioning private property institutions in developing countries (Stiglitz, 1998: 18). He also made the claim that the attraction in the WC recommendations lay in their simplicity. It was easy for politicians to understand and explain, and since it was a one-size-fits all solution, policy
reform evaluation and recommendation needed only a couple of weeks to be developed. This led to solutions that did not take into account local circumstances, and thus were unconnected to the real world (Stiglitz, 2002: 47). The three main realizations by the major IFIs were that; first, market deregulation was ineffective without institutional rejuvenation of legal and social frameworks; secondly, financial liberalization needed a sensible macroeconomic framework and prudential supervision to avoid crisis; finally, the trickle-down approach to poverty reduction was obviously not sufficient and social issues must be addressed directly (Rodrik, 2002: 1; Marangos, 2009: 205; Ruckert, 2007: 6). During the 1990s a slow process of reform was taking place in the light of the growing criticism regarding poverty impacts and the realization of the importance of institutions. Basically, while the devotion to economic growth, market solutions, and international trade integration from the original WC remained, they were to be complemented with the use of stable state institutions and social sector support. Even though the developing countries continuously voiced their concerns, most of them kept taking the conditional loans, seen not at least in the 1997 Asian crisis.

Again, we see the second phase of neoliberalism, the rolling out phase. The destructive first phase had detrimental social consequences, and the response was to support the market rather than restrict it. This is seen in that Stiglitz’s did try to give the WB a human face through the promotion of good governance and social safety nets, which were put in place to make markets function better. The post-WC may rest on different theoretical assumptions, that state intervention is crucial for a stable and economically sustainable development. This intervention, however, is not to replace the market, but to complement it and make it work more smoothly. Thus, the Post-WC still held the market as the number one allocator and producer of growth in all cases. In practice there was not a removal of the heavily criticized conditionalities, but rather an extension of them. Despite the many additions to the WC policy reforms, the IFIs did not manage to mend the damages caused in the previous decade. Poverty levels refused to go down in developing countries and going into the 2000s the IFIs were facing a legitimacy crisis (Carroll, 2010: 3).

This legitimacy crisis can be seen through neo-Gramscian lenses as a loss of moral and intellectual leadership on account of the IFIs, and thus a reduction in their power. Here we can also bring in the concept of social relations of production. Since production is the production of both material and ideational goods, the production of knowledge and advice being conducted in the IFIs is the basis of their social relations of production, and thus, power. When they lose legitimacy as technocratic experts, their immaterial goods become less attractive, they lose power in relation to their clients.
Here we see the importance of consent in upholding a neo-Gramscian hegemony. As consent in the developing countries was decreasing, the hegemony entered a crisis that needed to be addressed.

5.2.3. 2000s – Ownership and PRSPs
The development of the WC policy recommendations up until today has created a new and different set of tools. The end-result of the reform process started by Stiglitz and ended in 1999 by the WB and IMF was the Comprehensive Development Framework (CDF) (Naim, 2000: 522). These principles are to guide all development and aid work undertaken by these institutions. These principles are: having a long-term strategy, country ownership based upon participation, partnership, and development results (Carroll, 2010: 99). The CDF was also to be the method with which the newly developed MDGs were to be implemented. The CDF is heralded as having a catalyzing effect resonating throughout IFI development practice. Thus, it would seem that the major IFIs were now ready to allow for the countries they assisted to control their own development, and not try to impose a certain value set along the lines of the WC policy recommendations. In 1999, the IMF stated that ‘country-ownership of a poverty reduction strategy is paramount’ (IMF/IDA, 1999: 6). On the micro-level, rhetoric was changing as well as focus returned to the issue of poverty as something that needs to be addressed directly. Interviews were held with ‘poor’ people that were to be the basis of locally anchored strategies. These interviews highlight both material needs, such as food, shelter, clothing, but also immaterial ones, such as power, shame, and humiliation (Craig & Porter, 2004: 398).

The CDF were put into practice through Poverty Reduction Strategy Papers (PRSPs). The PRSPs came to be in 1999 through an agreement between the WB and the IMF in order to create nationally owned poverty reduction strategies (World Bank, 2000a: 18). PRSPs are required in order to gain concessional loans from the International Development Agency, the WB concessional lending body, and to be part of the IMF HIPC initiative (Carroll, 2010: 105). The PRSP is developed by the country itself through a collaborative process with both domestic and international actors, but is in effect heavily influenced by the IFIs, as it need to be approved by a IFI board. The ruler with which the IMD and WB evaluate the PRSP is the PRSP Sourcebook (World Bank, 2013b).

An evaluation of the Sourcebook tells us that it contains many of the same elements as the original WC; e.g. in this book ‘sound macroeconomic policy’ equals trade and financial liberalization, privatization, fiscal prudence, low inflation, civil service reform and deregulation of labor markets (Klugman, 2002a: 4). Furthermore, the book acknowledges that the poorest cannot be seen as normal consumers that can effectively participate in market transactions after privatizations of public
utilities. Nevertheless, based on various case studies of PRSPs from both South America and Africa, it can be seen that the planned reforms are in line with previous WC reforms leading to privatization, liberalization, and deregulation, even in sectors such as water and health care provision (Ruckert, 2007: 8). The Sourcebook does also acknowledge the negative effects of some of these reforms, and stresses the need to compensate those affected by them. Social safety nets and sequencing liberalization are recommended in order to reduce the negative effects (Klugman, 2002b: 33). However, these expenditures are contingent on uncertain tax revenues and an expenditure framework controlled by the IFIs (Gottschalk, 2005).

The PRSPs are to be formulated using participation from civil society in an attempt to tackle the poverty better (Carroll, 2010: 109). According to the Sourcebook participation is defined as ‘the process by which stakeholders influence and share control over priority setting, policymaking, resource allocations, and/or program implementation’ (World Bank, 2002: 237). This is a clear difference from the WC-era when the process was more top-down controlled and few considerations were taken to local contexts. The participation is also to increase accountability and increase efficiency (Mouelhi & Ruckert, 2007: 279). However, the WB definition further says ‘There is no blueprint for participation because it plays a role in many different contexts and for different purposes’ (WB, 2002: 237). Thus, there is no minimum requirement for civil society participation, which in practice has led to exclusion in the important starting phases of the PRSP process, the establishment of the overall macroeconomic framework and the defining of poverty (Mouelhi & Ruckert, 2007: 281). Cases have also shown that in practice many of the civil society actors felt excluded in consultations, saying that the participation process was only a charade (Mouelhi & Ruckert, 2007: 282).

The PRSPs have been identified as being part of the third phase of neoliberalism, the inclusive phase (Craig & Porter, 2004). First and foremost, the WC elements have not disappeared, they have simply been complemented. The move from substantial conditions to process conditions might at first glance seem to increase the ownership to a large extent. However, when looking closer at the process that has to be fulfilled, we see that a system has been created in which the structural power of the IFIs is to a large extent untouched (Craig & Porter, 2004: 398). Secondly, the core strategy of the PRSPs relies on the mantra of opportunity, empowerment, and security, which are all clear inclusive elements (World Bank, 2000b: VI). Poor nations and individuals are to be seen as potential beneficiaries from the global market, constantly being framed in inclusive terms of vulnerable, lacking, individualized (Craig & Porter, 2004: 397). Thus, the best response to the issue of poverty is
to include the nation in the global economy, and the individual in the market (Craig & Porter, 2004: 395). All relations are portrayed in terms of market relations and structural issues are not highlighted to any large extent. As always, these solutions as seen as objective and depoliticized products of the many years of research that the IFIs base their work on. Added to this, the MDGs, which underlie the most IFI agendas, have also been claimed to be working in the service of neoliberalism, ignoring structural issues of power inequalities between the global North and South, as well as internal inequalities (Saith, 2006: 1174). Certainly, the MDGs are promoting certain aspects of neoliberalism, such as free trade, but most importantly it is making sure that the global development agenda does not get in the way of transnational capitalist interests.

Just like the MDGs, what is most interesting with the PRSPs is not what they include, but what they exclude. Why, for example, is not universal access to health care or education required as a basic ambition in PRSPs? The choice to exclude an issue such as this, and include ones pointing to the undisputable benefit of trade integration is a political choice we must be aware of. Also, in framing every entity, be it nation or individual, in terms of their position and status as a market actor excludes other relations that may matter more in any given situation. For example it downplays the social relations derived from issues of gender, ethnicity, and the focus of preference for neo-Gramscians, social relations of production. By having an atomized view focused on market solutions it also excludes the benefit of collective action and co-operatives in solving societal challenges. Also, the participation process makes away with the inherent inequalities by depoliticizing highly unequal negotiation processes (Mouelhi & Ruckert, 2007: 279). A final point to note is that while liberalizations and deregulations come easy and cheap, investments in social safety nets are expensive and contingent on the expenditure frameworks that the IFI effectively control. Thus there is a natural bias against the latter policy reforms, making them second order.

Despite the efforts to re-legitimize themselves as the good guys of development, some countries, most notably the BRIC countries, are today willing to take IFI advice only selectively. Regional banks, such as the Andean Development Corporation, have grown in size and are now servicing a large share of the developing countries in their regions (Grabel, 2010: 14). Led by the BRIC countries, there have also been attempts at reforming the major IFIs and their voting structure, as the US is seen as having too much power. There have been some changes, but the US has maintained its veto power in both the IMF and WB (Wade, 2011). We can conclude that it is up for interpretation whether the underlying values of the WC are gone or not. Certainly there has been a move from substantive conditionality towards one of process conditionality, in the name of participation and ownership.
Also, old macroeconomic conditionalities have today been complemented by social ones, aimed at offsetting the negative effects of certain macroeconomic policy reforms. However, as was shown, even process conditionality is based on certain values that remind of the market fundamentalism logic of the WC, and the social policy extensions can be seen as merely a way of making developing countries accept harsh macroeconomic reforms. More importantly, that which the new method excludes tells much about the underlying values of the IFI advice, and in that, indicates the reigning neo-Gramscian hegemony of neoliberalism. To present market relationships as the most central ones and taking for granted the inclusion in the global economy ultimately limits the possible paths towards development.

5.3. A transnational hegemony

Two parallel developments have now been described and explained in depth. The Swedish model has been described as having moved from being concerned with issues of full employment and equitable growth, to creating a competition state that focuses on growth of the national economy through private actors in an inclusive economy. The IFIs have gone from a homogenous approach focusing on economic parameters to a wider one that revolves around the concept of inclusive liberalism that intends to include all individuals and nations in the global economy. Both these developments indicate the importance of looking at hegemony as a project in motion. No singular interest ever managed to completely take over the global economy or society to establish their utopia. Policy trends were followed by disruption that led to criticism and contestation and the hegemonic project was forced to adapt in order to survive. I will now make a very brief attempt at describing the hegemonic project at the global level.

A hegemonic project usually emerges during the crisis of a previous hegemonic project, which becomes delegitimized due to rising popular contestation by rival projects (Overbeek & Van Apeldoorn, 2012: 6). As Pax Americana and Fordism, described in section 3.2.6, entered a crisis with a global economic recession, attempts were made at maintaining the US hegemony through the internationalization of finance and production (Panitch, 1994: 70). The state was deemed inappropriate to handle the economy, and all faith was put in the market as the optimal allocator of resources. The result of the crisis was the rise of a new historical bloc, the neoliberal hegemonic project. Jamie Peck (2010) describes the rise of the neoliberal hegemonic project as taking place in the 1970s, although as a result of decades of academic struggles starting with 19th century laissez faire and Hayek, ending with the Chicago School and Milton Friedman.
The ideational cradle of the neoliberal hegemonic project centered around Milton Friedman and the Chicago School, which was the epicenter of the neoliberal theory. Peck shows the extensive connections the Chicago School developed to centers of political power, economic expertise, and media (Peck, 2010: 134). The first example of the Chicago School practicing their ideology was in the spring of 1975 when the Chicago School initiated a full program of trade liberalization, tax reform, privatization, deregulation of finance and monetary restraint in Chile (Peck, 2010: 109). Shortly thereafter the era of Reaganomics began, which meant widespread liberalizations, deregulations, and privatizations. Milton Friedman became one of the most influential advisors to the 1980 Reagan administration and the Chicago School free-market values were soon part of the broad US policy agenda (Peck, 2010: 112). As the neoliberal values spread and rooted in the political corridors of the most powerful countries in the world, the establishment of a new hegemonic project was initiated along with the rise of an increasingly powerful transnational capitalist class.

As was seen in the previous analysis, the neoliberal project went through three phases. The first that dominated mainly American public politics and discourse in the 1980s was the rolling back phase, and in the 1990s the rolling out phase was initiated. The rolling back phase was destructive and dismantled much of the institutional framework that characterized the previous hegemony. The rolling out phase, on the other hand, was a creative one and created a myriad of institutions on various levels all aimed at realizing marketized societal governance and development. The geographical spread of the neoliberal project was focused on the countries of origin, the US and UK. But soon the project became a global one, although the method of delivery differed. ‘The kind of crisis-driven paradigm shift experienced in Britain, for example, was quite different to the “long transitions” of countries like Sweden, Singapore, and China… ’ (Peck, 2010: 21). As my analysis has shown, the project also established itself in the developing world through the major IFIs. Again, in this process, it is important to bear in mind the understanding of hegemonic projects as dynamic processes of contention and conflicts rather than as a static and stable state. The global neoliberal project of today is described as multifaceted and multilayered. The least common denominator is that which has been seen in many places in this analysis, the constant reliance on the market and the inclusive elements of integration into the global economy while delegitimizing all alternatives.

The agents of this hegemonic project were and are the growing class of transnational capitalists, who with the deregulation in the roll back phase gained considerable structural power. Their political struggle took place in private, informal forums such as the Trilateral Commission and the European Roundtable of Industrialists, but also through public forums such as the OECD, IMF, and the EU.
The project also took place on the state level through ministries of finance and central banks (van der Pijl, 1998; Gill, 1990). This is not to say that the power of the nation state is diminished with globalization, as capital relies on states to offer them the constitutional and institutional framework to give them power (Ryner, 1999: 44). As capital is dependent on certain public goods and a framework of law and order, it needs a state to provide these. Therefore, it is important to understand that ‘laissez faire is planned’ (Polanyi, 1944). The welfare state and Keynesian state was a natural reaction to the volatility of the market, while neoliberalism was a preplanned societal arrangement implemented from above. Thus, the state before the neoliberal hegemonic project was ‘natural’, while the laissez faire economy was meticulously planned, it is an intended political project. Also, although the project can be said to have its roots in US academia, it soon became transnationally driven thus making it lack a geographical center.

Combining this idea with the idea of competition states, and image of the world is created in which a group of powerful transnational companies are actively supported by states that feels ownership of these companies. An example would be how Swedish politicians for long has supported the interests and expansion of IKEA in Russia, even though IKEA has its headquarters in Holland and pays no taxes in Sweden (SVT, 2011). Thus, one could speculate that even if transnational companies do rely on state frameworks, they do have a fair amount of leverage in influencing the state, and thus are able to change these frameworks themselves. One thing is for sure, the discussion of state and capital and who actually controls who will not be over for many years to come.

So, how does the global hegemonic projects relate to the Swedish model and the WC? According to Magnus Ryner ‘The Swedish model presupposed and coexisted with the world order of American hegemony’ (Ryner, 2002: 95). With the crisis of the Pax Americana came also the crisis of the Swedish model of capitalism, which can be described as partly external and partly internal. The external elements can be seen in the global crisis of the Fordist accumulation regime that decreased demand for Swedish exports, the internal in the reaction to it in the unique Swedish institutional set-up between state, capital and labor. The response to the crisis, however, must also be seen in the wider political move towards neoliberalism. The neoliberal values and theories gained a foothold among Swedish capitalist, who in turn managed to distill them in the state, visible in the Third Way policies. However, as my analysis showed, the neoliberalism that was implemented in the US was never fully implemented in Sweden. Compensatory neoliberalism, which was neoliberal policy reforms mediated by Social Democratic values, became the reigning project in Sweden. Nevertheless, Sweden went through the same neoliberal phases as the neoliberal hegemonic project
in whole, ending with the creation of the *competition state* and the fractionalization and marketization of the labor market. Today, the market logic underlies all political initiative, even though the welfare state and Social Democratic rhetoric has stayed largely intact. This is also in line with the current form of neoliberalism, which does not show itself in the completely privatized and liberalized utopian society, but rather in the basic rationale and political discourse surrounding how to solve political issues.

The WC that reigned in the IFIs was also part of the global US-led neoliberal hegemonic project. Major sources of influence in the IFIs had two origins; they come about both through trends in academia, but also through a political process (Babb, 2012: 275). With regards to academia, as IFIs derive legitimacy from giving neutral, technocratic expertise their advice must always be based on the accepted theories at the time. However, politically these organizations also rely on the resources of their members who sit in the board of directors, and most IFI boards are dominated by wealthy industrialized countries, the US especially. As Peck showed, both the sphere of academia and the sphere of US politics were heavily influenced by Chicago School economics. The WC also went through the phases that the neoliberal hegemonic project experienced. At first, market liberalizations were carried out through the IFIs in their purest form in the rolling back phase. As resistance grew and the legitimacy of the IFIs was challenged, both internally and externally, complementary measures were taken to ensure that market failures were corrected and the state was rolled back out. This reform process ended with the establishment of the PRSPs, which have been shown to contain many of the elements of the WC, although now complemented with social measures. What was shown, however, was the continued allegiance the market solutions and the view of all actors as market actors, while excluding other structural and power issues. Again, there is a lack of an alternative to marketized development indicating an ideological crisis among the proponents of an alternative approach to developmental economics.

So, the neo-Gramscian scholar would look at the above developments as following the logic of a hegemonic project. An old historical bloc is contested and defeated. In its place a new historical bloc is placed, that establishes a new *common sense* and a normalization of its values making them insulated from political contestation. The project eventually comes under attack from opposing fractions as the inherent contradictions of the project become increasingly visible. The hegemony enters a crisis that opens up the possibility for rival projects. We have seen crisis emerge in both the Swedish model and the IFIs, but have yet to see a viable alternative to the current neoliberal project. However, Overbeek and van Apeldoorn (2012: 3) writes that even if no alternative can be
discernable, it does not mean that the potential for transformation is not there. The wide societal consent can slowly unravel following an economic crisis, what Gramsci would describe as an organic crisis, a dissolution of the organic fusion between state and civil society that constituted the hegemonic project. Only the future will tell if the current crisis will be the end of the neoliberal hegemonic project.

5.4. Connecting the pieces

Now it is time to put together the pieces collected in this analysis with the development of Swedish foreign aid policy and practice. In doing this I hope to find the core reasons for the major developments within Swedish foreign aid policy and practice and make conclusions regarding the most important causalities and mechanisms. Finally, I will comment as to the consequences of my findings. In appendix 10 you can find a timeline showing an overview of the most important changes identified in the 4 previous sections.

5.4.1. Up to 1985 - A turn towards liberalism

The aim of this paper is to find the underlying reasons for changes in Swedish foreign aid in general, and for Sweden’s work in Tanzania in specific. We can establish that until roughly 1985, Sweden’s approach to Tanzania was focused on achieving equitable growth and letting Tanzania control its own development, expressed in the government bill from 1968. The relationship with Tanzania was based on strong personal ties between the countries’ leaders and thus relied on trust leading to a soft and hands-off approach. This is very much in line with the trends in development thinking in Sweden, which in the 1970s focused on the unequal distribution of money and power in the world economy, highlighting the skewed power relationships in it. In the beginning of the 1980s Sweden started to assume an approach of ‘concerned participation’ to Tanzania and chose to no longer support broad sectoral programs, but focus on project aid instead. Finally, in 1984 SIDA decided to support the IMF and WB conditionalities, and also included conditionalities in its own aid. When speaking to the former Swedish Ambassador to Tanzania, Staffan Herrström, he also notes: ‘Sweden, among others, made clear in its dialogue with Tanzania that we considered the economic policy that the country was pursuing unsustainable. This contributed to the economic liberalization that followed’ (Herrström, 2013). Added to this, with the establishment of Swedfund in 1978 there was an apparent attempt to promote Swedish businesses through aid.

What explains this change in attitude and practice? After a decade filled with conflicts between labor and capital and economic crisis there was a major policy shift with the Third Way policy
reforms in Sweden, which meant liberalization and deregulation of the economy. The general sentiments and ideas regarding how to manage an economy were changing domestically due to a political struggle driven by Swedish business interests. This mirrored the changes in the focus of Swedish aid during the same time period. The Third Way policies were heavily influenced by neoliberal ideas, and so was the emerging development paradigm in Sweden. Also on the global level the donor agencies were slowly changing their underlying values and theories. Neoliberal ideas of development aimed at marketization, liberalization, deregulation and privatization started to dominate the major IFIs, seen especially in the creation of the WB’s Structural Adjustment Facilities. The underlying thought was to integrate the developing countries into the world economy, rather than supporting them to develop in their own unique way. The use of macroeconomic conditionalities was method of giving aid invented in the IFIs, which was wholly absorbed in the Swedish aid practice. These developments are all in line with the rise of the neoliberal hegemonic project. We can see that the changing discourse regarding aid and society in general was being shaped by the ideas of the Chicago School who acted through academia and transnational political and public networks. Thus, the Third Way policies did the groundwork among Swedish politicians and in Swedish society by changing the discourse, and the IFIs developed and made legitimate neoliberal approaches to development issues. Thus, both the Swedish domestic climate and the sphere of IFIs acted in concert to affect these changes. A comprehensive concept of control had been established by capital following the global crisis of the Fordist regime of accumulation. This control was used to change the discourse of how economic development was to be seen.

5.4.2. 1985-1992 – Rolling the state back
In the years following 1985 there was a continuing and increasingly widespread distrust in the state as the driver of development, seen in the Swedish foreign aid bill from 1988 and 1991. Swedish businesses interests were increasingly involved in aid, as aid in the forms of consultancy services and tied aid increased considerably. In the aid bills created during this time the previous focus on structural issues in the global economy were removed to make room for a more unproblematic view on global trade and development. Swedish aid started to increasingly follow the global foreign aid trends, constantly increasing the number of macroeconomic conditionalities. Aid was also increasingly moved away from supporting industry. However, it must be noted that throughout this period, SIDA continued to highlight the importance of not forgetting the social components in aid packages and the need for increased ownership.
The fact that the neoliberal project was not uncontested is clearly seen in the two faces of Swedish aid during this period. While increasingly aligning its activities with the WC and the mainstream global donor community, the critique of the detrimental effects of the neoliberal rolling back of the state was increasing as well. The Swedish efforts in this area did have an impact on the global development agenda. This is also the opinion of Mr. Herrström when speaking about the WB: ‘We are affected by it, but also affect it to a large extent’ (Herrström, 2013). Nonetheless, it is clear how Swedish aid in practice with increased conditionalities, distrust in the developmental state, and focus on economic indicators was influenced by both domestic and global events. Domestically the Third Way policies continued throughout the 1980s until the crisis in 1990, reflecting the increased power of capital in relation to labor. After the initiation of the Baker Plan in 1985, the WC reached its peak during and structural adjustment programs were undertaken throughout large parts of the developing world. Finally, these developments are in line with the description of the neoliberal project and the rolling back phase, which dismantled government institutions leading to detrimental social impacts. Again, the fact that these effects were continuously highlighted by SIDA confirms that a hegemonic project will always be contested on some levels, and an institution such as SIDA will have some entrenched values and ideals that are not replaced so easily.

5.4.3. 1993-2000 - Rolling the state out
Swedish aid became more heterogenous in its approach, including both environment, gender and democracy issues in its policy and rhetoric while at times contesting the homogenous economic approach of the WC. However, Swedish aid also became more stern in the 1990s, an example is the sudden cut in aid to Tanzania in 1992: ‘... in the middle of the 90s the Nordic countries yet again took a critical stance to the Tanzanian policy, and in connection with this we also demanded a stronger Tanzanian accountability’ (Herrström, 2013). Swedish aid had become more cautious and now showed a weaker commitment to Tanzania due to perceived mismanagement and corruption. The focus became instead on ownership and coordination of efforts, which Sweden engaged heavily in. The decreased support for industry continued, and by the end of the decade was almost completely removed to make room for support of the social sectors and government institutions. There was an expressed wish to shift towards program aid, but as the institutions in Tanzania were not seen as strong enough, Swedish engagement was limited. Swedish aid was also becoming more internationalized, seen in the commitment to the DAC principles from 1992 and ending with the full commitment to and internalization of the MDGs in 2000. Finally, the importance Swedish civil
society organizations and businesses were growing as these were seen as more responsive and effective than state-led activities.

Domestically Sweden was busy creating an economy that was competitive in the growing global economy, the so-called competition state. ‘[Political changes in Sweden since 1980s include] restructuring of the economic policy in the end of the 80s and start of 90s aiming at low inflation, lowered marginal taxes and growth policy in the form of increased market orientation’ (Herrström, 2013). The increased engagement of the Swedish business sector can therefore be seen as an attempt by the state to strengthen the Swedish economy on the global plane through the use of private actors. Furthermore, the importance of the state in creating and supporting the market is visible in the focus on Tanzanian government institutions, good governance, and private sector growth: ‘Domestic lessons learned always affect the content of our foreign aid. The increased focus on the role of the market has to a large extent affected how we see economic growth in developing countries’ (Herrström, 2013). The growth was not going to be achieved through supporting industries, but rather setting up a good framework for firms to act under, as the market was to be unregulated and free. The trend to complement the market with well-built institutions is also seen in the development of the WC that followed critique from many prominent development economists, the development of which increasingly influenced Swedish aid due to the ongoing internationalization. In both Sweden and the IFIs the market was seen as the obvious allocator of resources and driver of growth, the role of the state was simply to make it work, this attitude is also reflected in the approach to foreign aid. This is all in line with the development of the rolling out phase of the neoliberal hegemonic project. Thus, the development of both the WC and Swedish aid to focus on state institutions was the result of a realization that the more extreme form of rolling back neoliberalism was unsustainable. So, the reason for the changes of the neoliberal project was the actual effects it had, but the response to it was formed within the frames of market-led development.

5.4.4. 2000s – Global convergence
Entering into the 2000s the major development for Tanzania was the entrance into the HIPC program, the creation of the MDGs, and the PRSP process. There was now a global awareness of the need for local ownership and donor coordination, given the growth of aid and donors. Swedish efforts followed along these lines, becoming increasingly focused and committed to general budget support, basing their cooperation on the PRS and TAS documents. The aid was conditioned on, however, a commitment to economic reform policies, democratic governance, and action against corruption. There was also a further increased wish to involve Swedish private actors in fostering
commercial relations between Sweden and Tanzania, seen in the evaluation of the current country strategy that expresses an explicit wish to engage business in aid. Added to this, after 2007 Swedfund received a considerable increase in funds. When asked if Swedish private interests affect the foreign aid in any way, Mr. Herrström says: ‘The private sector has after the creation of PGU (2003) come to play a more important role as a partner in Swedish foreign aid (illustrated in e.g. the Sida-initiative “Business for development”)’ (Herrström, 2013). In general, the Swedish development discourse has taken a recent shift towards a more locally anchored and individualized approach to poverty issues seen in the two ‘perspectives’ in PGU. The work today tries to create opportunities for individuals to pursue their own development in the marketplace. It is interesting to note, however, that the rhetoric has been fairly stable throughout the past 30 years, keeping the motive of solidarity and goal of poverty alleviation. Even though concepts of gender equality environmental sustainability, and democracy have only formally been added during the last three decades, these have been part of the rhetoric almost since the start. Mr. Herrström does note, however, that all these issues were for long not fully addressed: ‘initially the goal of democracy was more decoration than content. Today issues of democracy and the rights perspective hold a central role. The same can be said of the issues of environment and gender equality’ (Herrström, 2013). One major change was the recent country focus, which further limits the number of countries Sweden is engaged in, leading to an increased focus on Eastern Europe and Africa. Swedish aid in general experienced further internationalization, which has had a great effect on the way Sweden provides development assistance, especially the 2005 Paris Declaration (Herrström, 2013). This is also seen in the rising influence of the IFIs: ‘The WB is a very important partner for all bilateral foreign aid donors and partner countries – both through its expertise and its financial resources … IMF plays an important role on the macro-level, but less so in the daily work among donors. OECD’s foreign aid committee DAC has become an ever more important forum for sharing experiences and making our work more effective. This role has grown during my years in the foreign aid sector from 1995-2011’ (Herrström, 2013).

Swedish foreign aid practitioners and politicians made the realization that the homogenous approach of the WC leads to unsustainable solutions, thus issues of democracy, gender, environment, and social equality have with time been integrated in the policy. However, the integration into the global donor community means that by showing full trust in the IFI processes and judgments, Sweden also shows full trust in their values. As the PRSPs are based on values stemming from inclusive liberalism, the increasing general budget support indirectly becomes a support of these values. By
integrating the MDGs into its work Sweden is also indirectly strengthening the social liberal world order and turning away from issues of power and inequality. Contemporary Swedish foreign aid is also supporting inclusive liberalism in a direct sense by focusing on the integration of Swedish businesses through Swedfund and the B4D program, private sector development, and development of commercial developments. Again, these developments can be related to the development of the Swedish competition state, which aims to promote Swedish interests internationally, and maximize competitiveness nationally by marketizing society. So, indirectly Swedish foreign aid relies on the neoliberal products of the IFIs, and directly it uses foreign aid to promote Swedish interests internationally. The root causes of both inclusive liberalism and the competition state point toward the development of the neoliberal hegemonic project. The neoliberal hegemonic project was the result of a search for a post-Fordist accumulation regime. Through a conscious political struggle the post-Fordist world order became one that awarded transnational capital considerable amounts of structural power. This development was a result of a successful portrayal of the interest of transnational actors as the interest of society in general. As transnational interests promoted a certain regulation regime that maximized the mobility of financial capital the world became more integrated, interdependent and inclusive. As the discourse disseminated throughout politics and society in general, foreign aid changed. Both policy and practice became framed within the neoliberal project. All solutions and problems were constituted in terms of the market, a market that was seen as objective, fair and natural.

In sum the central achievement of 'poverty reduction' [...] is to do everything possible to create a system of global openness and integration ideally suited to the interests of international finance and capital, within a geopolitical system aligned in every way possible to the interests of most powerful nations, all while depicting the framework arrived at as being first and foremost about the interests of the poorest and most marginal people on the planet. (Craig & Porter, 2004: 411)

However, a crucial point to remember the multi-faceted face of the contemporary neoliberal project. Certainly, Swedish aid and politics in general is still a mediated version of the inclusive liberalism underlying the PRSP process. As Ryner describes, the neoliberal project in Sweden can be described as compensatory neoliberalism, keeping elements of the welfare state in combination with neoliberal policy reforms. This soft neoliberalism is seen in Swedish foreign aid as well, which arguably has a more encompassing and poverty focused approach to development. However, as described, many of these good intentions become lost as policy turns into practice when Sweden aligns with the global development community.
6. Conclusion

In this paper I set out to answer: what were the main causes of the changes and developments in the policy and practice of Swedish foreign aid from 1980 until today? I started by describing the main changes in it, which were found to be: internationalization; the framing of poverty as a problem of agency rather than structure; use of economic and political conditionalities; and the involvement of the Swedish private sector. I have also noted the elements which Swedish aid omits in practice, being mainly those of country sovereignty and wider structural issues regarding the relationship between the global North and South. In order to find the underlying reasons for these changes, I conducted two analyses. I first described how the Swedish model of capitalism changed from being a Fordist regime of accumulation based on mass production and consumption with a Keynesian welfare state, to a post-Fordist competition state with a Schumpeterian Workfare State. Secondly, I have described how the multilateral development organizations went from pursuing a strict neoliberal policy agenda to complementing this with policy reforms aimed at supporting the market and dampening the detrimental social effects of the first order of reforms. Both developments can be said to have gone through three phases. The phases can roughly be described as; the rolling back phase that dismantled the state to make room for the market; the rolling out phase that rebuilt the state to support the market; and the inclusive liberal phase that sought to entrench and legitimize the market solutions and place all societal relations and actors within it. Finally, I established a link between these developments to the global level where I described the development of a neoliberal hegemonic project. This project sought to expand the freedoms of international capital and depoliticize market solutions while delegitimizing all alternative solutions as inefficient or unscientific.

As a critical realist, it is my goal to establish the causalities that were at play when these developments took place. An analysis that ranges from the specific practices used by an agency in a specific location to the global discourse, easily becomes very broad in its strokes. However, it is by looking at these broad strokes that we can see how all three areas under scrutiny develop in unison. As the Swedish model of capitalism crumbles, so do the practices of the IFIs, along with a change in focus and method of the Swedish foreign aid. Thus, what is discernable is that the developments of the foreign aid in Sweden are part of a bigger issue. This issue I have found to be the neoliberal hegemonic project, driven by transnational capitalist interests who have gained considerable structural power throughout the process. It was during the global crisis of the previous hegemony of Pax Americana and Fordism that the neoliberal hegemonic project offered an alternative approach to issues and a whole new set of solutions. We can see through developments such as the Third Way
policies and rise of the Washington Consensus that the Swedish foreign aid sector was changing alongside international and domestic developments. As has been noted several times, this process is by no means linear and uncontested, and the course of development is rarely, if ever, according to anyone’s utopian image. What we have seen, however, is that on a very basic level, the common sense assumptions that underlie the way people see problems and how to face them has been changed. The change was the turn away from collectivist and interventionist approaches and solutions towards market-based ones.

I can also confidently say that Swedish foreign aid has been affected by both the developments of the WC and the Swedish model. As Sweden internationalized its aid, the methods and goals became increasingly aligned with those of the IFIs and as Sweden developed into a competition state the involvement of the business sector increased considerably. I have shown that changes in the global hegemony have had real effects on how foreign aid was carried out. Establishing some sort of causality, the domestic developments created a less critical stance to the poverty approaches created in the global development community. Thus, the domestic developments and the creation of the competition state were the catalyst that made Sweden support a broad range of issues, which can all be traced back to the development of a neoliberal hegemonic project. These effects have led to a Swedish foreign aid that both actively contribute to the reproduction of the social liberal world order by both supporting activities that are in direct favor of the agents of the neoliberal hegemonic project, as well as making sure that no aid activities get in the way of integration and globalization of the world economy.

Practitioners within foreign aid might claim that changes in how they work depend more on experiences from the field. It is undeniably so that practical experiences will always affect the practice and policy. However, this view neglects the undeniable fact that any response to a field experience is politics. In the literature it is claimed that Swedish foreign aid went from being ‘ politicized’ in the 1970s, to being less so in the 1980s. I strongly disagree with this claim as I see the developments within foreign aid in the 1980s as highly political as well. The decision made by SIDA in 1984 to side with the IMF on the issue of conditionalities is also a commitment to the underlying values of these conditionalities. If aid is contingent on the behavior of the recipient, it is inescapably political, as there is no such thing as an apolitical idea of how a society should function.

After reaching the point of acknowledging the political elements of foreign aid, one might ask why this is a problem. Indeed, being political, or letting aid be political is not a bad thing in itself as long as aid functions and reaches its goal. Foreign aid today uses a wide array of instruments and channels
to convey the marketization and global integration of society as depoliticized and as an economical and political necessity. The problem of this is that it limits the number of solutions and tools at hand when facing a challenge, as well as ignores certain power relationships. The unequal relationship between owners and users of capital are ignored. The use and detriment of nature is constantly undervalued. The involvement of capital interests could potentially be disastrous should these interests withdraw as a result of market mechanisms. Certain questions and issues are ignored, or downplayed. Do the increases in general efficiency or growth from integrating in the world economy always outweigh by the potential harmful effects on nature and distribution of wealth? Do state initiatives always result in worse outcomes for society in general, as compared to private ones? Can extremely poor people really be seen as consumers and market actors, and is it always in their interest to be included in the economy? Therefore, there is a need to scrutinize the assumptions that underlie foreign aid, and society in general, to open up for arguments, problems, and solutions that are not derived from the market. That is also the strength of a critical analysis, to make us aware of the power relationships and structures that surround us. Power lies in relations and the hegemonic project is bigger than its parts, it is only when we are made aware of the structures that we can be emancipated from them, and that is why critical analyses of these issues are needed.

When conducting a critical analysis, it is important not to become too critical and see malevolent transnational interests everywhere. Indeed, Swedish foreign aid does seem to have a certain element of sincerity to it. I believe that there is a legitimate will to help those worse off, a will based in what I would call solidarity. The Swedish perspective of poverty as multi-dimensional, the importance of ownership, and the higher than average GDP share of foreign aid are all examples of both politicians and practitioners that have good intentions and have created a more humane assistance. I have discussed the Swedish soft approach as being part of a specific Swedish model of today. Although fraught with neoliberal elements, a part of the Social Democratic value base remains, seen for example in the resilience of the welfare state. This mediating national element of the neoliberal project have also colored Swedish foreign aid, making a large share of it legitimately concerned with the development of the developing world. However, good intentions or not, a neo-Gramscian hegemony works through consent and not coercion. It is the ability of a small group in society to change the discourse in a way so that their interest is seen as the interest of all in society, while removing all opposition and alternatives. This is also what has happened in practice. The actors that have been able to frame the development agenda also become increasingly important for development. Resorting to an ever greater extent to private initiatives to achieve development leaves
developing countries in the hands of the whims of transnational capital. This unequal power relationship must be highlighted and considered as private interests increasingly drives aid initiatives. Also, in the efforts to coordinate aid efforts, Swedish aid has become more aligned with the global donor community, and thus with the neoliberal hegemonic project. So, even if Swedish aid is sincere, any issue it tries to solve will be framed according to the reigning discourse. Again, this is why critical analyses are needed, to act as an emancipatory catalyst making people aware of their own position in society. Also, to make the recognition that very few things are apolitical, especially within foreign aid.

However, there is always a danger in making these grand claims about our world that have been made in this thesis. By letting research done by other scholars guide me, it is easy to see hegemony in everything. In being historical, neo-Gramscian analysis can at times become a bit too eager to arrange reality according to the map. Any event taking place can, with a bit of determination, be categorized as either part of the hegemonic project, or part of the resistance. However, as the neo-Gramscian scholar does not make predictions about the future, it is very hard to disprove any analysis he or she presents. So, if the strength of a theory lays in the fact that it can be disproven, then neo-Gramscianism with its adversity towards prediction does not fare very well. Nonetheless, even in my most modest moments, I stand by the claim made that foreign aid will always be political and never strictly scientific, and that the specific political elements in place at the moment benefit certain actors and solutions more than others. And that political element is neoliberalism, and the actor is international capital. To return to the critical realist concept of retroductive reasoning: what must be the case for Swedish aid to have developed they way it did? Given the changes, I conclude that there must have been a change in attitude and basic idea of what constitutes human development. Away from issues of fairness and state-driven solutions, towards economic growth and market solutions. The increasing acceptance of the theories and methods of the IFIs also show that Swedish aid was becoming more in line with global developments. After establishing this I have shown through thorough analysis where these changes in attitudes and ideas came from, and found it to be the neoliberal hegemonic project and the search for a post-Fordist accumulation regime.

Added to these methodological concerns are ontological and epistemological. In trying to incorporate all elements, both ideational and material, as well as both structure and agency, a researcher must constantly make judgment calls. For instance, in the beginning of the neoliberal hegemonic project I have given much credit to the ideational factors and the influence of the Chicago school. But there were certainly material interests at play here as well, interests that could have been
explored in further depth. What were the material interests that supported the Chicago School? How did they gain access to centers of political and economical power? And why was it just their ideas that took over and not others? Indeed, the critique against neo-Gramscianism of giving too much weight to persuasive ideas and too little to material interests has been voiced before by many scholars. However, as stated before, the important thing is to stay reflective and see each event as an interplay between these two.

A final concern with regards to this thesis is that of resistance and class. Firstly, my analysis does not explore at great depth the issue of class and class identities. Much could be written about how class as a political initiative of labor to promote equality and solidarity has become a non-issue in today’s politics. Instead, the exploitation that is scrutinized to a greater extent is that of gender, ethnicity and nature. Whether the social relations of production are the basis of these exploitations is an issue that would be interesting to explore if we were to formulate some concrete advice on how to resist the neoliberal hegemonic project. Indeed, this is another weak point of neo-Gramscian analysis. It merely tells us that resistance is formulated using organic ideas, but even after an extensive analysis, it does not explicitly tell us what these ideas may contain. Organic in this case might as well be magic.

Today, the status of the neoliberal hegemonic project is uncertain. Peck (2010) notes that there are inherent social and ecological limitations to the globalization of market rule, which means that sooner or later it will face a crisis that cannot be solved. Overbeek and van Apeldoorn (2012: 2-4) has also analyzed the current status of the neo-liberal hegemonic project and made the conclusion that the neoliberal project is indeed facing an ongoing crisis. The global financial crisis indicates that the current financial accumulation regime is flawed, which leads to a crisis of the political and social order. Underlying these are two other crises; the crisis of the Anglo-American hegemony seen in the shift of gravity of manufacturing to East Asia, and the crisis of the environment seen in global warming and resource depletion. However, there seems to be a lack of a legitimate counter-hegemonic project. According to Gramsci, resistance to a reigning hegemony arises from the ashes of the previous, but it does not occur automatically. There needs to be a conscious struggle to add certain issues to the agenda and discuss them in an informed and convincing manner. The absence of a conscious struggle can be seen in many places, it can be seen in the ideological crisis of the SAP, the return to business as usual in the banking sector following the crisis, and the continuing marketization and privatization in developing countries. One way out of this lack of legitimate resistance is to acknowledge what has been shown in this paper, the political elements of market
solutions. It also means the reintroduction of structural issues when analyzing poverty, the recognition that the market does not always value social and environmental impacts accurately, or simply the realization that a global economy based on mass-consumption and ever-increasing growth is not sustainable in the long-term. What is needed, in Gramsci’s own words, is an organic idea. As a first step towards such an idea could mean the reconsideration of the current conditionalities and conceptualization and creation of tangible goals and measures in terms of environmental quality, distribution of resources, or universal welfare coverage. With time we will then be able to develop a sustainable and fair world society that is based on solidarity, respect, and freedom.
Appendix 1 – Theoretical structure

Changes in policy & practice

National politics and economics

International sphere of development

Critical realist elements
- Entities with powers and structures
- Relationships – necessary or contingent
- Causations/Mechanisms

Neo-Gramscian elements
- Social relations of production in and in-between entities.
- Fractionalized class interests as the basis for conflicts/alliances.
- Hegemony at the global level.
Appendix 2 – Figure showing entities and their structures

The parts that make up the entity

The entity itself

The entity as part of a whole
Appendix 3 – The Realist and Liberal approaches

The realist approach places focus on nation states and the interest of these. It believes that each state is a rational actor that will always act in a rational way that promotes her interest and maximizes her utility in a global system that is widely anarchical. Hegemons have a central role in this approach as they through coercion bring stability to the world order and enable the setting up of e.g. free trade systems, which will always be constructed to favor of the hegemon. In International Relations, the most influential approach within realism is neo-realism or structured realism developed by Kenneth Waltz in his book *Theory of International Politics* (1979). Waltz took the state-centric and anarchical view from realism and added an international structure to it by saying that every state is placed within a global structure that limits and enables it. It is within this structure of organizations, interest groups, but mainly other states, that it must try to maximize its own utility. Recently realists have increasingly turned towards IPE as the traditional view of economics as “low-politics” seems outdated following the oil and foreign debt crises of the 1970s. However, realists still claim that the state is the most important actor in its ability to control and affect the economy and society through coercion.

Realism has withstood criticism from a number of scholars mainly on the basis of its simplifying assumptions. Realists make a sharp distinction between domestic and international politics, and they assume that states respond to events on the international level in the same rational and unitary way. This enables realists to make broad generalizations based on very few cases. However, this completely ignores the issue of state-specific cultural context, history and social structure.

The liberal approach broadens the scope of which players are important in international politics. Liberalism acknowledges that firms, interest groups and organizations are just as capable as states in affecting the outcome of processes on the national as well as international level. International cooperation occurs when all actors gain from it and is seen as a positive sum game. Unregulated markets and free trade are therefore cornerstones in a stable and prosperous world economy. This is also true on a national level, where the liberal view is that the best outcome will be realized if private actors are left unregulated. The origins of the liberal approach is often credited to Adam Smith in his fight against mercantilism, arguing for abolition of tariffs and institution of free trade (Cohn, 2012: 78). More recently liberal theories have oscillated between orthodox and interventionist approaches. John Maynard Keynes can be said to represent the interventionist approach, as he believed in state intervention in an economy in order to stabilize the fluctuation of the market, with a
special focus on combating unemployment (Cohn, 2012: 82). The laissez-faire approach has been propagated by the Chicago School with Milton Friedman as its flag bearer, a man heavily influenced by the work of Hayek, arguing for deregulation, privatization and free trade. However, there are some concepts widely held within liberalism, such as the unbiased benefits of trade and capitalism.

Liberalism with its focus on the benefits of trade and cooperation, would suit my specific topic and research question better since it would allow me to look closer at the specific relations between international actors and the motivations behind them. However, liberals see close to all international cooperation as benevolent and does not place much focus on power relations between, for example, trading partners. When looking at foreign aid, power relations become hugely important, an issue often highlighted is the conditionalities that are attached to foreign aid and the political motivations behind them. At a G77 meeting in 1979 Tanzania’s President Julius Nyere expressed this sense of an unequal power relationship: ‘What we have in common is that we are all, in relation to the developed world, dependent – not interdependent – nations. Each of our economies has developed as a by-product and a subsidiary of development in the industrialized North, and is externally oriented.’ (Doyle, 1983: 430).

Finally, we come to the critical approach, which is seen as the basis of structuralist theories (Cohn, 2012: 103). These theories focus on power structures in society and how they are shaped by some societal group to coerce and convince others to act in a way that suits their interests. Actors of importance can be anyone or anything. Certainly, the main critical approaches tend to focus on the power of capital and its exploitation of the working class, stemming from Marxism. However, this approach has been criticized since it places too much focus on production and economic factors, while ignoring factors such as security and ideational factors. Also, it ignores interests that cut through class formations, such as the opposing interests of groups on the national and international levels.
Appendix 4 – Policy formation and evaluation of Swedish ODA
Appendix 5 – Structure of Sida’s bilateral aid

- Project aid
  - Social sectors
  - Economic/Infrastructure
  - Capacity building
- Program aid
  - Stabilisation
  - Economic Growth

- Poverty alleviation
Appendix 6 – Bilateral aid from Sweden to Tanzania & total ODA to Tanzania

Source: World Bank (2013a; 2013c). All numbers are in millions of current US dollars. The left y-axis represents the total ODA, the right y-axis represents the Swedish bilateral ODA.
Appendix 7 - Sector allocation of Swedish aid

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<td>7%</td>
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<td>2%</td>
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<tr>
<td>Economic infrastructure</td>
<td>5%</td>
<td>6%</td>
<td>3%</td>
<td>6%</td>
<td>17%</td>
<td>11%</td>
<td>13%</td>
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<td>5%</td>
<td>6%</td>
<td>8%</td>
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<td>Production sectors</td>
<td>45%</td>
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<td>Multi-sector/ Cross-cutting</td>
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<tr>
<td>General program assistance</td>
<td>-</td>
<td>-</td>
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<td>2%</td>
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<td>16%</td>
<td>6%</td>
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<tr>
<td>Debt related aid</td>
<td>-</td>
<td>-</td>
<td>1%</td>
<td>-</td>
<td>6%</td>
<td>-</td>
<td>2%</td>
<td>1%</td>
<td>10%</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Humanitarian aid</td>
<td>-</td>
<td>3%</td>
<td>2%</td>
<td>14%</td>
<td>7%</td>
<td>12%</td>
<td>11%</td>
<td>12%</td>
<td>10%</td>
<td>13%</td>
<td>8%</td>
</tr>
<tr>
<td>Unallocated</td>
<td>-</td>
<td>34%</td>
<td>42%</td>
<td>9%</td>
<td>40%</td>
<td>7%</td>
<td>15%</td>
<td>23%</td>
<td>25%</td>
<td>22%</td>
<td>22%</td>
</tr>
</tbody>
</table>

Source: OECD (2013)

According to the OECD, the large share of unallocated aid comes from administrative costs, unearmarked contributions to NGOs, and in-donor expenditures, such as refugees, which in 2013 represented 11.6% of the Swedish bilateral aid (Prop 2012/13: 10).
Appendix 8 – DAC Principles for effective aid & the Paris declaration

OECD DAC Principles for Effective Aid (1992)

- Poverty is and shall remain the main goal of aid
- A sensible economic policy is a precondition for a long-term development
- Mutual resource mobilization that includes domestic saving
- Development of institutional capacity
- Education in its broadest sense is central in development
- The physical infrastructure is a precondition for development
- Nature and sustainable use of natural resources are important
- The role of aid is to create basic conditions for private investments
- The partner country and its government are responsible for the development of their own country
- The aid should be integrated into the budget of the recipient country
- Aid should be offered in a way so that the economy of the partner country is not skewed in any way
- Tied aid requiring purchases or services from the donor country should be avoided
- The importance of good governance including the fight of corruption
- Democracy and human rights
- Gender equality
- Civil society organizations have a very important role in the development process
- Strengthen the long term effects of aid at the same time as increasing the efficiency of short-term aid in connection with catastrophes
- New initiatives to decrease the least developed countries’ burden of debt
- The aid must be increased

Paris Declaration (2005)

1. Ownership – systematic support for locally developed and country-owned country programs to achieve development (e.g. PRS).
2. Alignment – Increased use of the national systems that already exist in the recipient country to channel ODA, that is, to follow partner countries strategies and systems
3. Harmonization – increased coordination among donors, that is, common and simplified procedures and sharing of information.
4. Result focused
5. Dual accountability
Appendix 9 – Interview with Staffan Herrström (non-translated and translated versions)

1. Vilka anser du vara de viktigaste förändringarna i hur Sverige har givit bistånd till Tanzania sedan 1980?


3. Om man analyserar den politiska biståndsdiskursen i Sverige från 1962 fram till idag, kan man se att det har skett ganska få förändringar av de motiv, mål och generella förhållningssätt Sverige har till sitt bistånd. I praktiken däremot, kan man se stora förändringar i förhållande till ämnen som ägarskap, villkor, samt sektorfokus. Vad tror du att detta beror på?


4. Vad anser du vara de viktigaste politiska förändringarna i Sverige från 1980 fram till idag?

5. Hur har förändringar i Sveriges politiska klimat påverkat Sveriges biståndspolitik?

Ja. Inhemska lärdomar från våra egna reformprocesser påverkar alltid innehållet i vårt utvecklingssamarbete. Den starkare betoningen av marknadens roll har t ex självfallet påverkat också vår syn på hur tillväxt skapas i utvecklingsländer. Ett mycket konkret exempel är också hur mycket viktigare jämställdhets- och HBT-frågorna blivit i vårt bistånd parallellt med deras ökade betydelse i svensk inrikespolitik.

6. Påverkar svenska privata intressen biståndet i någon grad, och i så fall, hur?

Näringslivet har bl.a. efter PGU:s tillkomst kommit att spela en viktigare roll som partner i utvecklingssamarbetet (illustrerat t ex i Sida-programmet "Business for Development").


8. Gordon Brown deklarerade i 2009 att: The old WC is over. Anser du att så är fallet, och i så fall, hur har detta påverkat hur Sverige ger bistånd?
Ja, WC tillhörde historien långt tidigare än så. Och ja, negativa erfarenheter från den tid när Världsbanken och IMF i alltför stor utsträckning tenderade att skriva ut standardrecept utan tillräcklig förankring i de landspecifika förhållandena har påverkat svensk biståndsgivning. Vi lade t ex successivt under 00-talet allt större vikt vid fattigdomsanalyser på landnivå.

**Translated version**

1. **Which do you consider to be the most important changes in how Sweden gives aid to Tanzania since 1980?**

On important change was in the first half of the 1980s. At that point in time Sweden, among others, made clear in its dialogue with Tanzania that we considered the economic policy that the country was pursuing unsustainable. This contributed to the economic liberalization that followed. A second change occurred ‘… in the middle of the 90s the Nordic countries yet again took a critical stance to the Tanzanian policy, and in connection with this we also demanded a stronger Tanzanian accountability. A third change was in 2006 when Sweden in accordance with the Paris Declaration regarding aid effectiveness concentrated its aid to fewer sectors and increased the share of general budget aid for fighting poverty. Two other changes worth noting are the construction of Tanzanian research capacity that started in the middle of the 1970s as well as the substantial increase in support of democracy and human rights from the 90s.

2. **How much is the actual Swedish aid to a country like Tanzania affected by a change in the development policy? (e.g. the establishment of PGU from 2003)**

The Paris declaration about aid effectiveness that Sweden and other donors signed in 2005 affected the actual aid to a very large extent. This agreement was very much in line with PGU, the Policy for Global Development from 2003.

3. **If you analyze the aid discourse in Sweden from 1962 up until today, you can see that there have been quite few changes in terms of the motives, goals and general assumptions in Swedish aid. In practice, however, it is possible to see considerable changes in terms topics such as ownership, conditionalities, as well as sector focus. Why do you think this is?**

I believe that there have been considerable changes of goals and assumptions since 1962 (even though this bill was quite far sighted). Initially the goal of democracy was more decoration than content. Today issues of democracy and the rights perspective hold a central role. The same can be
said of the issues of environment and gender equality. The issue of ownership is a central part of Sweden’s general approach to aid. In this area there has also been considerable changes.

4. Which do you consider to be the most important political changes in Sweden from 1980s until today?

A very broad question that cannot be answered with a few short lines. Some central changes: the restructuring of the economic policy in the end of the 80s and start of 90s aiming at low inflations, lowered marginal taxes and growth policy in the form of increased market orientation. The EU membership in 1995. Budget sanitation throughout the 1990s. The pension reform. The stronger focus on making people work in the labor market and social policy that has been developed during the last 20 years. The restructuring of the energy sector that on one hand has decreased the dependence on oil and increased the use of biomass in production, as well as the postponing of the removal of nuclear power. The new security policy, which has meant that the concept of policy neutrality has disappeared. The long-term change and dismantling of the Swedish defense (including the abolition of the compulsory military service)

5. How has changes in the political climate of Sweden affected Sweden’s foreign aid policy?

Yes. Domestic lessons learned always affect the content of our foreign aid. The increased focus on the role of the market has to a large extent affected how we see economic growth in developing countries. A very concrete example is also how much more important gender equality and HBT-issues have become in our aid parallel with their increased importance in Swedish domestic policy.

6. Do Swedish private interests affect Swedish aid to any extent, and if so, how?

The private sector has after the creation of PGU (2003) come to play a more important role as a partner in Swedish foreign aid (illustrated in e.g. the Sida-initiative “Business for development”)

7. How much influence does multilateral organizations such as the World Bank, IMF, or OECD have on how Sweden delivers aid? Do you consider that this influence has changed since 1980?

The WB is a very important partner for all bilateral foreign aid donors and partner countries – both through its expertise and its financial resources. We are affected by it, but also affect it to a large extent. I cannot say if this influence has changed since 1980. IMF plays an important role on the macro-level, but less so in the daily work among donors. OECD’s foreign aid committee DAC has
become an ever more important forum for sharing experiences and making our work more effective. This role has grown during my years in the foreign aid sector from 1995-2011’

8. In 2009, Gordon Brown declared that the old Washington Consensus is over. Do you consider this to be the case, and if so, how has it affected how Sweden provides foreign aid?

Yes. The Washington Consensus belonged to history long before that. And yes, negative experiences from that time when the World Bank and IMF to a large extend tended to prescribe standard recipes without any being rooted in the local conditions has affected Swedish foreign aid. For example, during the 2000s we increasingly did poverty analyses on the country-level.
Appendix 10 – A timeline over the most important developments in each sphere

1978: Swedfund is founded
1979: Expressions of concerned participation in Tanzania
1976: The SAP loses the election

1980: The Baker Plan is initiated
1985: The World Bank creates the first Structural Adjustment Facility
1982: The SAP wins the election and implements the Third Way policies
1984: Support of SAPs and use of economic conditionality

1990: Economic crisis and the SAP loses the election
1998: Stiglitz heavily criticizes the WB/IMF and reform ensues
1990s: Education and industry reforms
1990s: Increased focus on good governance and social sectors

2000: The CDF and PRSP process is invented
2002: Policy for Common Development
2005: Paris agreement and country focus reform
2006: The SAP loses the election
2007: Swedfund receives increased funds
2009: Negotiations between unions and business break down after trying to reach a new Saltsjöbaden agreement
2012: Expressed wish to engage Swedish business in aid

1938: The Saltsjöbaden agreement is signed
1964: The first government aid bill and a close relationship with Tanzania is developed
1968: Prioritization of countries that aim for economic and social equality
1969: Wildcat strikes
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