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The Neoliberalization of Development: Trade Capacity Building and Security at the US Agency for International Development

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ABSTRACT

This paper examines recent changes at the US Agency for International Development (USAID) regarding the connections between trade liberalization, development, and security. USAID has adopted “trade capacity building” as a framework for development, and, in conjunction with new US national security discourses, now operates under the assumption that underdevelopment is a source of state weakness that produces insecurity. I argue that these changes in how USAID understands and undertakes development constitute the neoliberalization of development. In accordance with these shifts, USAID has redefined critical aspects of its development mission, undergone internal restructuring, and altered its relationship with other US state institutions and capital. The actual prospects for achieving security or development are slim, however, as the agency remains wedded to definitions of both that suggest the only acceptable role for the state lies in facilitating further neoliberalization and promoting the stability of capitalist class relations. An overview of USAID’s historical development, and a closer examination of the place of food aid and food security in the agency’s development work, demonstrate this.

Keywords: Neoliberalization, Development, Security, Trade liberalization, US Agency for International Development (USAID)

INTRODUCTION

In a January 2004 White Paper, the US Agency for International Development (USAID) outlined a program of internal change designed to redefine the objectives of its foreign aid programs, reassert the connections between development and security, and reinvigorate the agency's relevance within the US state's foreign policy structure. Following from longstanding criticisms of the agency in the context of changing geopolitical realities, USAID (2004b:7) noted that "development progress has been prominently recognized as a vital cornerstone of national security" in the post-9/11 world, with "weak states" providing the most critical points for "widening the circle of development" and combating global terrorism. This work addresses how USAID understands and institutes this connection between security and development, focusing on the role of "trade capacity building" in agency rhetoric and practice. Trade capacity building emerged from the 2001 Doha Round of WTO negotiations, and although state institutions in the US and many developing countries have adopted it as a development strategy, it remains vague and difficult to assess in practice.

Trade capacity building plays an important role in ongoing efforts to reorient state institutions within a more general process of neoliberalization by marshalling state practices, discourses, and institutions of development in support of trade liberalization, capital internationalization, and US geopolitical and security objectives. USAID offers a rich case for examination in this respect. The US government's primary foreign development institution, USAID today holds a pivotal position in the material and ideological reorganization of development theory and practice along neoliberal lines. Though dwarfed by other US state institutions such as the Departments of Defense, State, and Agriculture in terms of budgets and personnel, USAID is strategically important both domestically and internationally. The agency bears responsibility for setting out, funding, and implementing US development assistance and disaster relief policies; in 2004, it directly managed a foreign aid budget of over \$4.5 billion, and was part of the management and administration of \$7 billion more in official assistance in collaboration with other US government agencies (Lancaster and Van Dusen 2005:14). The agency also has a considerable field presence, despite recent cutbacks, with almost 100 missions currently listed on its website (USAID 2007b). As the US is the largest provider of official development assistance, USAID plays a central role in shaping the international political and economic contexts of development, while its global reach and need for institutional partnerships

makes it an important site for intra-state political battles. USAID's political fortunes thus affect those of many other state and non-state institutions, and shape the lives of millions of people in developing states.

Two complimentary theoretical frameworks underpin my argument, each addressing different aspects of the changing relations between security, trade, and development instituted by and through USAID. The first, drawing on McMichael's (2000a) heuristic framework, identifies a transition between "hegemonic projects" of "development" and "globalization," marked by the changing role of the nation-state relative to capital in conjunction with the reproduction of the international state system. While this framework focuses on systemic shifts and should not be read as an all-encompassing metanarrative, it does group together under its broad headings multiple, perhaps incommensurate, projects and discourses, albeit in ways that emphasize the dynamic hegemony of particular historical blocs, institutions, and states within a global political economic totality. The trajectory of a major developmentalist institution such as USAID exemplifies the broad transition between hegemonic projects that McMichael (2000a) identifies as a defining feature of the international state system and of global capitalism. It likewise offers an illuminating example of how this transition has occurred *within* the US state as part of its own particular state project of neoliberalization. As Panitch (2000) and Panitch and Gindin (2003) point out, the failure to adequately engage with the specificity of the American state is a lamentable silence in many recent discussions of neoimperialism and neoliberalism.

Still, it is important to build on McMichael's account by referring to the concrete, differential ways in which such projects have been instituted and struggled over, to prevent presenting neoliberalization (and its status as a hegemonic project) as a uniform or uncontested process. I temper McMichael's framework by recognizing what Castree (2006:4) calls the "contingently occurring processes and outcomes that may well have operated differently if the 'neo-liberal component' had not been present," and the "articulation between certain neoliberal policies and a raft of other social and natural phenomena." The second underlying framework therefore relies on Jessop's (1990, 2001, 2002a) strategic-relational approach to the capitalist state. This approach centers the instituted nature of capitalist economy and society, the strategic political behavior of state institutions and non-state actors (particularly capital), and the state's polyvalent position relative to other institutional forms and processes, regarding the state as a contingently coherent ensemble of institutions with differing degrees of strategic selectivity, and

concentrating on the state's role as both site for the articulation of strategies, and as a strategy itself. Or, as Glassman and Samatar (1997:167) argue, the state is understood to have a "triple identity" as "1) a site for strategies; 2) the generator of strategies; and 3) a product of strategies."

Combining these frameworks allows for close examination of how exactly the political projects of particular class-relevant groups, such as internationalizing capitalist fractions, are elevated to the status of state projects, and in turn how these shape hegemonic projects that order the international state system and class relations on a global scale. Such projects, and the scalar configurations they produce and through which they operate, are reflexively constituted and constantly contested. It is important here to keep in mind Jessop's (2002a:42) definitions of state and hegemonic projects; the former refers to the specific ways in which the prevailing political project of dominant social forces "seeks to impose an always relative unity on the various activities of different branches, departments and scales of the state," while the latter constitute the means by which dominant social forces "seek to reconcile the particular and the universal." Neoliberalization comprises just such a potentially hegemonic project, conditioning the environment of political decision making at all scales; the various context-specific strategies of neoliberalization taking root in (and rooting out) different parts of the state apparatus, such as USAID, are equivalent to Jessop's definition of state projects. Restructuring and strategies changes at USAID should be understood in relation to broader changes in hegemonic (but contested) understandings and practices of development and security, which depend in part on the balance of political forces institutionalized in and through the state.

USAID's adoption of trade capacity building constitutes a central part of a much broader reconfiguration of development and security that narrows both to functions of a global market logic enforced by and internalized within the state. This understanding of neoliberalization follows from that of Peck (2001), Peck and Tickell (2002), and Harvey (2003, 2005), in which neoliberalization no longer implies the simple weakening or dismantling of states as a general principle, but instead emphasizes institutional rollout and the reorientation of state institutions toward the facilitation of international market forces and away from wage-based social equality and downward redistribution.

More broadly, as Peck (2001) demonstrates, neoliberalization alters the very character and logic of the strategic policy-making environment, including that related to international development, while Roberts et al (2003) articulate how neoliberalization has reproduced

traditional realist geopolitical practices and imaginaries under the gloss of multilateral integration. USAID plays a vital but underexamined role in these processes, but has undergone restructuring itself, and redefined critical aspects of its mission and altered its external relations to center trade capacity building as a primary mechanism and goal of development. Recent shifts in US national security discourses have forced further changes in the agency's approach to development. The actual prospects for achieving security or development are slim, however, as the agency remains wedded to definitions of both that suggest the state's only acceptable role lies in facilitating further neoliberalization and promoting the stability of capitalist class relations.

I begin by examining USAID's role in state and hegemonic projects of development and neoliberalization, emphasizing the relations between trade, development, and security within recent agency strategies. A discussion of trade capacity building, which centers good governance and access to global flows of capital as objectives of state development efforts, follows this section. I then examine how USAID has articulated trade capacity building as it repositions itself within the US state and relative to national security strategies. To provide a concrete, if necessarily incomplete, examination of neoliberalization driven by trade capacity building, I conclude by considering the place of food security within USAID strategies. This analysis is primarily focused on major strategic programs outlined by USAID, not all of which have been implemented fully, but which the agency has nonetheless used as a basis for restructuring and reworking its planning and allocation processes. I thus examine the agency's adoption of neoliberalizing approaches to development and security through analysis of key government-issued texts supplemented by interviews with officials. This approach has limitations, as it does not provide a thorough examination of actual, on-the-ground processes within specific programs, but can provide insight into the institutional contours of neoliberalization as it relates to security and development. Likewise, it should not be assumed from this analysis that USAID presents a monolith, with a single endogenous set of interests and approach to development; reliance on agency-produced information here limits my study largely to the institution's outward face, and the agency's internal divisions are well documented (see Lancaster and Van Dusen 2005).

USAID, 1961-2002

Without specifically referring to USAID, the 2002 National Security Strategy of the United States (NSS) asserts two goals that bear on the agency's mission. The first states that US

national security is dependent on a “strong world economy,” best built and maintained through “[e]conomic growth supported by free trade and free markets” (White House 2002:17). This, in turn, depends on promoting appropriately liberalized trade policies that “can help developing countries strengthen property rights, competition, the rule of law, investment, the spread of knowledge, open societies, the efficient allocation of resources, and regional integration” (White House 2002:19). The second major goal relevant to USAID highlights the security risks produced by underdevelopment, and calls for “an expanding circle of development...and opportunity” as both “a moral imperative and one of the top priorities of US international policy” (White House 2002:21). Underscoring the new security emphasis within development efforts is the recognition that “[d]ecades of massive development assistance have failed to spur economic growth...and often served to prop up failed policies,” a clear rebuke of understandings and practices of development that had formed the *modus operandi* of USAID since the agency’s founding (White House 2002:21). While such criticisms did not spring forth newly born in the 2002 NSS, and were made again in the 2006 NSS (White House 2006), it is important to note that, beginning with the debt crises of the 1980s and gathering steam with the Cold War’s end, USAID became the target of political attacks for which it could provide no adequate response. It subsequently endured a series of audits, personnel and budget cuts, and restructuring measures that redrew not only the agency’s place within the US state, but also the precise configuration of state, market, and civil society that would be acceptable in a neoliberalizing world supported by American militarism.

THE DEVELOPMENT PROJECT AND THE ORIGINS OF USAID

McMichael (2000a:41; see also 2000a, xxii-xxiii) argues that as a structural framework and as a set of concrete practices, the hegemonic development project presented national elites in underdeveloped states with “little choice but to industrialize,” with the success of state-building and industrialization “the measure of their success as political elites.” While this does not mean a given state could choose only one of two paths – development or non-development – it does recognize that the road to development, as understood and instituted within the limits of a US-dominated hegemonic project, was relatively narrow, and that the scaled power relations constituting, reproducing, and enforcing this project greatly constrained the strategic selectivity of state institutions. The limited range of acceptable development strategies in postcolonial

states, as Glassman and Samatar (1997:181) argue, resulted from both the institutional capabilities of state managers and bureaucracies, and from the international alliances maintained by powerful class-relevant groups in those states, with non-class-based social hierarchies and the class consciousness of specific leadership groups also important.

Within the context of this project's ideological and political hegemony, the 1961 Foreign Assistance Act established USAID by consolidating the technical and economic assistance and lending activities of several other state agencies (USAID 1964:5). The new agency became a central site within the US state for managing military, economic, and food aid to developing states, activities crucial to the interscalar coordination and reproduction of state and hegemonic projects and the international state system. The broad economic development and geopolitical objectives of USAID's mission, and the ideological link between the two, were clear from the agency's founding. USAID (1964:5) described its mission as "assist[ing] other countries that seek to maintain their independence and become self-supporting," linking the twin ideological foundations of capitalist economic growth and political resistance to international communism. USAID attempted to enact a totalizing vision of development in which national-scale capitalist growth, catalyzed by foreign assistance, and a political "rational humanism" would lead to a free society providing the conditions for "individual choice, initiative and development," all within a US-led international state system (USAID 1962:22).

Yet USAID was at pains from its establishment to make clear that its foreign aid and development programs did not undermine US hegemony. First and foremost, the agency had to demonstrate that foreign aid did not drain American coffers, and that such expenditures would yield sizable economic and political returns, even if development meant the growth of protected and even state-run domestic industries capable of competing with or limiting US imports. To counter "misconceptions" about its work, USAID (1964:8) made two points prominent:

1. American dollars are seldom given directly to foreign countries. Most economic aid involves the financing of US goods and services for specific development activities.
2. Economic aid to the industrialized countries (Western Europe and Japan) was ended years ago. AID programs now are concentrated in the underdeveloped countries of Asia, Africa, and Latin America.

USAID did not deliver handouts of taxpayer money to countries where such funds were no longer necessary to spur investment, growth, and political reform. Instead, foreign governments

paid American sellers for military, industrial, and agricultural assistance with loans managed by USAID.

Furthermore, the agency stated that economic and political development abroad was not an end in itself, but a boon for the United States. This was particularly true for trade relations, as USAID (1966:32) argued that “[d]eveloped countries are the best customers for American exports,” citing Western Europe and Japan as examples. In terms of food aid, one of the agency’s most important functions, USAID contended that development would help not only poor peasants and growing urban areas in the developing world, but also American farmers and food exporters. Food donations came from commodity stocks designated surplus by the Department of Agriculture (USDA), while industrialization and urbanization in the developing world demanded the US fill the subsequent gap in developing states’ ability to feed themselves. Most important was USAID’s firm statement that “the aid provided...cannot substitute for trade,” a point reiterated even more strongly today (USAID 1963:6). Food aid programs were not to interfere with normal channels of private trade, and USAID presented food assistance as a path toward market development for future US exports. Food aid was not usually a direct government-to-government donation, but a concessional sale made with long-term (up to 30 years), low-interest dollar loans from the US government. Thus were foreign exchange reserves built up, accounts balanced, and political allies rewarded, all as USAID (1963:18) assured US producers and exporters that this constituted an effective way to “maintain or expand present markets and to develop new outlets.” Food assistance, in the form of surplus food reserves distributed to geopolitically strategic developing states, became a major component of US state and hegemonic development projects, and the basis for US “green power” (Garst and Barry 1990; Kodras 1993; McMichael 2000a, 2000b).

By the 1970s, however, some in Congress began to criticize USAID for “having too many people in Washington,” a situation remedied by transferring agency personnel to other US state institutions (Mustard 2003a:42; 2003b). While USAID maintained strong influence over the work of development specialists in other agencies both directly and indirectly, the loss of personnel should not be regarded as simple bureaucratic weight-shifting. Such moves signaled a serious challenge to USAID’s mission and political standing, and to the hegemony of the development project as a whole. In light of persistent economic stagnation and US failures in Vietnam, the entire purpose and structure of US development efforts were challenged during this

period. Criticism became so strong that “in 1971, the Senate rejected a foreign assistance bill authorizing funds for fiscal years 1972 and 1973,” the first rejection of foreign aid authorization since before the Marshall Plan (USAID 2005a).

FROM DEVELOPMENT TO NEOLIBERALIZATION

During the 1980s, USAID faced withering criticism from those in government and business circles who favored greater trade liberalization and an end to the developmentalism of the previous three decades. In the context of neoliberalization, this became the potent basis for a redefinition of USAID’s mission and a reworking of development’s place in US foreign and economic policy. During the late 1980s and early 1990s, USAID was the subject of several government audits, and reports emphasizing the agency’s ineffectiveness, diffuseness, and lack of direction piled up, with legislation introduced (but not passed) in both 1989 and 1991 to replace USAID with a restructured and more flexible executive agency (GAO 1993:19).

Further review of US foreign aid and development programs argued that the agency was “buffeted by (1) the competing agendas of other federal agencies, (2) the role Congress has taken in programming decisions, (3) the lobbying efforts of outside special interest groups, and (4) fundamental differences among and within these groups on how foreign aid money should be spent and what it should accomplish” (GAO 1993:4). Under these conditions, and with concomitant changes in the global geopolitical balance, USAID had seen its programmatic emphases expand to cover a panoply of emerging issues for which it could not provide effective management, and which threatened to worsen already apparent fragmentation within the agency and hamper international development efforts (GAO 1993). With a muddled institutional structure, a growing set of objectives, and a changing balance of political forces within the US state, USAID found its strategic selectivity increasingly limited, a situation that made internally-managed reform difficult, if not impossible.

External criticism sharpened as trade liberalization, capitalist internationalization, and global economic growth became the paramount objectives of the US state and its particular project of neoliberalization. Agro-food capital was especially pointed in critiquing USAID, despite the fact that US agricultural producers had long found a ready outlet for surplus disposal in the agency’s food aid programs. These sentiments were summarized by Richard Krajeck, vice-president of the US Feed Grains Council, who stated before Congress that “there have been

countless instances where AID agricultural programs have been counter to US agricultural interests...[and] objectives of increasing agricultural exports and eliminating trade barriers” (US Congress 1994:40). Krajeck expressed frustration with USAID’s inability to align development and trade, and offered a blunt assessment of its future:

The AID program is funded at \$6.2 billion per year and has been primarily a foreign aid program that has been shaped by US political and strategic interests during the cold war. *Those days are over* and the mission of AID and its role in developing agriculture must be reviewed (US Congress 1994:106, emphasis added).

Unable to navigate the pressures of internationalizing capital, which saw USAID’s development work as a fetter to accumulation, and the neoliberalization of other more powerful US state institutions, the agency was caught in a powerful vice, and underwent major restructuring in the mid-1990s.

Major structural adjustments centered on reductions in the agency’s budget, workforce, and control over how funds could be used. The fiscal year (FY) 1996 budget of \$5.7 billion was 13% less than that of the previous year, while Congressional and executive earmarks expressly directing how USAID funds could be used increased from 59.8% of the agency budget in FY1995 to 69.5% in FY1997 (GAO 1998:133-134). The agency also cut its global staff from 11,150 to 7,609 between 1993 and 1997, closing 24 overseas missions and implementing streamlined regulations for coordinating overseas and headquarters staff (USAID 1998:133). Restructuring also included the beginnings of consolidation with the State Department, which had long held strong influence over USAID, and placed the agency administrator below the Secretary of State in the bureaucratic hierarchy, indicating the agency’s diminishing political stature. USAID offered in 1993 to become “a ‘reinvention laboratory’” and “established five strategic goals to meet its agency mission of pursuing sustainable development in developing countries,” the first two of which were “achieving broad-based economic growth” and “building democracy” (GAO 1998:134). These objectives were to be achieved through internal technical changes and improving the agency’s “customer focus” and staff accountability (GAO 1998:134).

In sum, the restructuring of the 1990s focused on aligning the agency’s development mission with state and hegemonic projects of neoliberalization, most significantly by ensuring that development strategies supported liberalized economic growth and formal democratization. This was not fundamentally new, as USAID had long maintained the necessity of development

progress based on liberal democracy and capitalist growth. Yet the “cartography of development” through which the relations between development, democracy, and economic growth were understood, and the mechanisms by which these were to be achieved, were quite different by the 1990s (Peet and Watts 1993). Keynesian modernization theories enshrined in the development project, which understood the state as a conducive or benign agent of modernist development, gave way to neoliberal understandings of the state as a rent-seeking intruder into globalizing market relations. Without correcting USAID’s inability to achieve foreign development through neoliberalization (and thereby successfully internalize and institute neoliberal orthodoxy), it remained an agency working at cross-purposes with the political and economic objectives of the increasingly dominant cartography of development authored by and through the US state. Understood as a technical problem resulting from poor internal financial and information systems management (GAO 2003a, 2003b) and adherence to failed understandings and policies of development, restructuring continued by incorporating trade capacity building into the heart of development efforts.

USAID AND TRADE CAPACITY BUILDING

The term trade capacity building (TCB) is relatively new, and is meant to move the international system beyond the impasse between discredited but institutionally entrenched projects of development and aggressive efforts at global trade liberalization. Initially emphasized by developing states in the context of the WTO’s 2001 Doha Round of negotiations, trade capacity building has been operationalized in ways that reinforce and extend neoliberalization, focusing development resources on building political and economic capacity to participate in liberalized trade and globalizing markets. In this view, the ability to prosper through free trade drives economic growth and allows the greatest possible flowering of freedom and democracy. States and civil society must be brought into line with market mechanisms – civil society through active cultivation and states through limiting their functions to market facilitation and security provision. Phillips and Ilcan (2004) describe capacity-building as one of the primary political technologies through which neoliberal governmentality is constructed and spatialized. They define neoliberal governance as the “ways of governing populations that make individuals responsible for changes that are occurring in their communities,” with responsibility exercised and enforced

through markets, which increasingly emphasize “skill acquisition, knowledge-generation, and training programs” (Phillips and Ilcan 2004:397).

This perspective highlights the ways in which discourses and practices of capacity building center on the creation and reproduction of social categories that mark off populations as either responsible members of open, market-based communities moving toward development, or irresponsible and potentially dangerous outliers (see Roberts et al 2003). Moving from the latter group to the former depends on acquiring the skills and knowledge that permit individuals to practice responsible behavior and allow for discipline via the marketplace. Diffusion of skills, knowledge, and training – investments in “social capital” and “human capital” – are the driving forces of neoliberalizing development (Rankin 2004). It is in this context, Jessop (2003) points out, that the networks praised by both Castells (1996) and Hardt and Negri (2000, 2004) become a seductive but ultimately empty (and even celebratory) metaphor for understanding and challenging neoliberalization and neoimperialism. A more critical and useful analysis goes beyond recognizing the re-categorization of populations and places along axes of responsibility, and, as noted in the above discussion of the strategic-relational approach to the state, also considers the role of class-relevant social formations and struggles in the expansion and maintenance of political *and* economic power. A closer examination of how USAID has instituted trade capacity building, and what this means for state institutions’ strategic selectivity relative to development and securitization, is one way to analyze the process of neoliberalization and its significance for development and security.

For USAID, adopting trade capacity building comprises one means to revise the agency’s mission and align it with the unique combination of neoliberal and neoconservative doctrines that dominate US trade and foreign policies. With development understood as a national security issue, USAID and its implementation of trade capacity building have become central to the US state’s articulation of the relationship between development, trade, and security. In a 2003 report on trade capacity building, USAID (2003b:3) outlined a three-part framework for enacting successful development through TCB: participation in trade negotiations, implementation of trade agreements, and economic responsiveness to new trade opportunities. USAID portrays this as the most effective way to incorporate developing states into processes of globalization. This also poses new challenges for states, firms, and non-governmental organizations, however, as the “rewards for good policies and institutions – and the negative consequences of weak policies and

institutions – are greater than ever,” while economic globalization “has also created the need for better coordination and harmonization” (USAID 2004b:7).

USAID’s three-part definition repositions development as a form of infrastructure-, institution-, and network-building that can ensure the success of trade liberalization efforts. Defining development as the successful and total integration of a state and its economy into the fabric of neoliberal globalization represents a significant change in the cartography of development through which USAID works, and over which it has great strategic influence. Though national states remain at the heart of this new cartography, USAID development programs now pivot on building state institutions capable (primarily) of enacting and reproducing neoliberal economic policies within the context of capitalist internationalization. As the agency stated in its 2001 TCB report, US development policy “is committed to working in partnership with developing and transition economies to remove obstacles to development, among which are barriers to trade” (USAID 2001:3). The 2003 report likewise singles out trade negotiations as a powerful growth engine for developing countries, so long as they are supported by “sound institutions” that can “ensure transparency and predictability in economic governance, reinforcing economic reforms that are critical for successful development” (USAID 2003b:7).

This follows from and reinforces the idea that state-managed foreign aid and assistance, the staple of past USAID programs, must be supportive of, and not a substitute for, trade and economic self-help by developing countries. This position echoes what USAID proclaimed at the development project’s height, as discussed above, and relies on the idea that “development progress is first and foremost a function of commitment and political will directed at ruling justly, promoting economic freedom, and investing in people” (USAID 2004b:11). USAID defines “ruling justly” as “governance in its various dimensions: voice and accountability, political stability and absence of violence; government effectiveness; regulatory quality; rule of law; and control of corruption,” while “investing in people” involves bolstering “basic education and basic health” services (USAID 2004b:11, fn. 8). This language draws from existing discourses of social capital and state effectiveness long favored by Washington Consensus institutions such as the World Bank and IMF (Fine 2001; Peet and Hartwick 1999).

How closely on-the-ground implementation of trade capacity building hews to these conceptualizations is rather more problematic. The invocation of political will, just rule, and state efficiency are hallmarks of neoliberal rhetoric, and suggests that trade capacity building is the

latest in a long line of strategies designed to further capital internationalization and the reproduction of the US-dominated international state system. Yet the vague, catch-all character of trade capacity building in practice indicates that it is less a fully coherent strategic blueprint than the repackaging of existing development activities, meant to bring USAID in line with state and hegemonic projects predicated on the neoliberal doctrine of free trade and the neoconservative obsession with security. A USAID official remarked that initial attempts to institute trade capacity building cast a very wide net:

[In the field] you would get these surveys from Washington, and they would say, we're trying to conduct an inventory of all our trade capacity building activities. And in the beginning – and I don't know how this has evolved – but in the beginning of those surveys, I mean, it was sort of ludicrous because virtually anything that we were doing in the economic growth sphere could be described as trade capacity building (Interview with the author, Dec 2004).

The broad practical definition of TCB, coupled with the increased emphasis on international markets as a means of alleviating poverty and spurring economic development, belies the continuity between the current focus on trade liberalization and previous development programs. The same USAID official continued:

My understanding...was that [developed countries] would ask the developing countries, what do you need in terms of trade capacity building, to get you ready to participate in the WTO and globalized trade regimes? And they would give these long laundry lists that would run into the hundreds of millions of dollars, and the developed countries would go, 'whoa, we can't do all this'...So we started developing these inventories of all our trade capacity building investments, and one of the objectives of those inventories was so we could talk to the developing world and tell them, look, we're doing all this stuff in trade capacity building already (Interview with the author, Dec 2004).

Despite this, there *are* two important changes that have occurred with the agency's adoption of trade capacity building. The first relates to the institutional relations through which USAID operates; the second centers on changing understandings and practices of security and state weakness. As stated above, the emphasis now placed on ensuring that development is ideologically and institutionally subordinate to trade liberalization places the onus for successful development on "responsible" states that can adequately facilitate capitalist accumulation via

free trade. This shift has necessitated that USAID alter the character and intensity of the partnerships through which it plans and implements capacity building and other development programs (see Lancaster and Van Dusen 2005, on USAID's subcontracting activities). This has meant changes in how USAID serves as both site and strategy for class-relevant social forces institutionalized in and by the state. The most important partners with which USAID has strengthened or pursued relations to advance capacity building programs have been the Office of the US Trade Representative (USTR), USDA's trade-focused Foreign Agricultural Service (FAS), and internationalizing fractions of capital. Trade capacity building therefore must be analyzed not as technocratic jargon, but as a new means of reproducing and re-institutionalizing class-relevant social struggles in and through the national state.

The danger USAID faces in so tightly intertwining itself with market-oriented state institutions and capital arises from the continual narrowing of the agency's strategic selectivity – neoliberal doctrine serves as the basis for agency work, and further neoliberalization is the intended outcome. The benefit comes in the form of larger budgets and even the reproduction of USAID itself, and the agency has received large appropriations to implement trade capacity building (see Table 1). While these numbers still represent a small portion of its total budget, trade capacity building has moved quickly up the list of agency priorities, and has gained prominence as a guidepost for continued and intensified neoliberalization (USAID 2004a). It is important to note, however, that even as USAID funding for TCB projects has steadily increased, the agency's proportional share of overall US government spending on such activities has decreased, due to increases in TCB funding channeled into sector-specific trade facilitation activities or into WTO accession, areas where capital and USTR command greater expertise.

Geographically, USAID has concentrated TCB funding in states where acceptable neoliberalization is already underway, in areas of geostrategic importance, particularly the Middle East, Eastern Europe, and the former Soviet Union (USAID 2001:6, 2003c:2), and in those countries eager to engage in free trade agreements. Since 2001, the agency's "TCB funding to countries with which the US is pursuing Free Trade Agreements (Morocco, the Andean Pact, CAFTA, and SACU) more than tripled," with much of this funding targeted at building institutions compatible with the requirements of WTO accession or specific features of bilateral and regional agreements with the US (USAID 2004a).¹ This differs from the geopolitical criteria previously underlying USAID development funding primarily in that trade policy has moved to

the center of agency strategies, though this is complicated by emerging national security discourses focused on counter-terrorism and failing or failed states.

SECURITY AND STATE WEAKNESS

The second strategically and institutionally important change accompanying USAID's adoption of trade capacity building rests on the altered relationship between development and security, as outlined in the 2002 and 2006 NSS. Here, development bolsters "weak states" that might otherwise become havens for terrorist and criminal networks, which could then pose a threat to American interests abroad and domestically. USAID, the State Department, and the White House have therefore identified development, along with defense and diplomacy, as the three "pillars" of US security strategies (USAID 2004b:8; White House 2002, 2006). The focus on strengthening "weak states" in new development schema demonstrates how the neoliberal understanding of states as rent-seeking regulatory burdens on market relations becomes strategically intertwined with the security concerns and objectives of neoconservatism (USAID 2004b:12; on neoconservatism, see Lind 2004). Two points stand out here. First, recalling that neoliberalization does not only or even primarily imply the rolling back of the state apparatus, the emphasis on trade capacity building demands that "weak" states be strengthened by removing trade barriers and making economic and social policy sensitive to liberalized global market signals.

Second, weakness here stems directly from states' inability or unwillingness to properly insinuate themselves into the networks, flows, and institutions of neoliberal capitalism. Distanciation and disconnectedness from internationalizing capital is not only economically wrongheaded, but is the source of political and social weakness, producing insecurity that threatens continued capitalist accumulation under the rubric of neoliberalization. Roberts *et al* (2003:889) thus identify an emphasis on "enforced reconnection" with the global capitalist system, "mediated through a whole repertoire of neoliberal ideas and practices." Trade capacity building offers a potential and enforceable technical fix for disconnectedness, as being outside neoliberalization is to be against neoliberalization, and thus to pose a security risk. USAID Administrator Andrew Natsios made this clear in a May 2003 speech:

For countries that are marginalized, that are outside the international system, that are outside development, that are not developing, that are not growing economically, that are

not democratizing, look at the different factors that lead to high risk in terms of conflict. Income level is one of the highest correlations between marginalized states and risks in terms of conflicts (USAID 2003a:n.p.).

The agency's 2004 White Paper expanded on this to provide a more detailed strategic framework for development and aid programs, establishing a loose taxonomy of states according to the need for development assistance, the commitment to initiate neoliberalization, and the degree to which states are capable and "fair" partners in the use of development resources (USAID 2004b). This geographic categorization was updated and expanded further with the agency's 2006 Foreign Assistance Framework, which bases its categories on criteria developed from the Millennium Challenge Corporation, a new (and thoroughly neoliberal) development institution established in 2004 (USAID 2006; see Table 2). In these frameworks, USAID identifies relatively weak institutions, particularly those necessary to establish and maintain market openness and political stability, as the crux of underdevelopment.

Running across such taxonomies is a consideration of "strategic states," a designation that depends less on USAID objectives than on the geostrategic and foreign policy goals of the US executive and Congress. The agency recognizes that the determination of which developing states are considered strategic is a matter for other US state institutions, but also notes:

Increasingly, the primary foreign policy rationale for assistance may be matched by or indistinguishable from the developmental or recovery objectives. Thus, the strategic allocation of ESF [Economic Support Fund] and like resources will begin to benefit from the same principles of delineation, selectivity and accountability proposed in this White Paper (USAID 2004b:21).²

Incorporating developing states into networks of neoliberal globalization is, in this view, the essence of producing and maintaining security in line with US foreign policy objectives. This understanding of the link between development, trade, security, and state weakness is echoed in the strategies of other US state institutions, most notably USTR (see USTR 2001). USAID articulates development progress *and* improved security in terms of the facilitation of liberalized market relations by stable developing state institutions. While more candid interviews with USAID officials indicate that not everyone at the agency is on board with this approach, it has nonetheless become official strategy, and presents a serious contradiction, as development comes to depend on internationalizing and liberalized market forces, even as these remain dominated by

predatory finance capital (Harvey 2005; McMichael 1999, 2000a). Internationalizing market relations are fundamentally unstable and, as a means of achieving security outside the narrow concerns of capitalist accumulation, completely insecure. A brief examination of how food security fits into USAID strategies regarding trade, security, and state weakness demonstrates this.

USAID AND FOOD SECURITY

Within state and hegemonic projects of development, the US state often wielded its “green power,” instituted in USAID’s various food aid programs, as a bludgeon. From its outset, USAID (1966:16) declared that food assistance should ensure “that America’s great agricultural abundance is put to work alleviating hunger and malnutrition, encouraging social and economic progress, furthering international trade, and advancing the foreign policy interests of the United States.” The most important US food aid program was and remains PL 480, also known as Food for Peace, established in 1954. Creating mechanisms to dispose of agricultural surpluses in the US (supposedly) without disrupting world prices, violating GATT trade rules, or upsetting domestic agricultural interests was key to the expansion of agro-food exports and central to achieving industrialization in developing states. Authority over PL 480 is divided between USAID, which implements the program, and USDA, which designates surplus commodities available for distribution as food aid. This divided authority has often led to bickering among US agro-food capitals and their representatives in Congress and USDA over access to the government’s disposal mechanisms, and exacerbated tensions between the economic interests of US producers and the geopolitical and development objectives of USAID. Food aid programs have long served as sites and strategies for building and contesting the balance of class-relevant political forces within the US state.³

Focusing on Central America, Garst and Barry (1990) conclude that food aid has never systematically and effectively remedied food insecurity in developing and conflict-torn states because of the contradictory objectives which such aid was meant to fulfill, as well as the fact that other US policies have often produced or exacerbated food insecurity. Food aid was simultaneously supposed to alleviate hunger, build export markets, provide emergency humanitarian relief, improve agricultural production and efficiency, promote US foreign policy goals, stabilize currencies, reward political allies, and dump surplus commodities (Garst and

Barry 1990:6). By the early 1990s, in the context of the stringent criticisms of USAID outlined above, agency food aid programs began to take on forms reflecting aspects of neoliberalization. One prominent example was the increased use of “food-for-work” programs, which pay aid beneficiaries in food commodities rather than money wages for labor on infrastructural and community improvement work (Garst and Barry 1990:131). Food-for-work programs remain common today, and USAID (2005b:14) has touted their success in defusing violence among Indonesia’s urban poor during the 1998 economic crisis, providing jobs that proved more attractive than the cash payments extremist groups offered in their recruitment activities. Broadly speaking, such programs have not proven effective in alleviating hunger or fostering economic and institutional development in the long term, and often violate workers’ legal right to fair wages. They do, however, fit neatly within neoliberal emphases on personal responsibility, institutional capacity, and workfare in the reconfiguration of development strategies, and ignore the fact that greater food insecurity is itself one possible (and perhaps likely) result of neoliberalization.

Neoliberalization challenges developmentalist concepts and practices of food security – long understood as the security of the individual’s access to food, with food as an entitlement of the social contract built into the national state – but only to the extent that the national state becomes a market facilitator rather than a guarantor of such entitlements. As Watts (2000:204) argues, “[f]ood security or famine proneness are the products of historically specific *networks of social entitlements*,” networks which come under intense pressure and must be reworked as development institutions such as USAID internalize and institute US-led state and hegemonic projects of neoliberalization, including the understanding of underdevelopment as a US national security risk. As part of its reorientation toward trade and security, then, USAID (2005b:4) has therefore made food security both a concrete objective of the agency’s development mission *and* a proxy for measuring state fragility, arguing that “economic instability, food insecurity, and violent conflict...are usually symptoms of the failure of governance in fragile states.” Conversely, food security is a product of good governance, itself the result of appropriately liberalized, market-based reforms and integration into global networks of capital and US security infrastructures.

This has three primary implications for the future of USAID food aid and broader understandings of food security. First, it means declining reliance on programs such as PL 480,

and a shift in the intent of such aid. Funding for PL 480 has decreased sharply in recent years, while more of the money allocated for food aid has been directed to emergency humanitarian relief (USDA 2004:6).⁴ Second, it means that the trade-as-development orientation of USAID programs has altered the agency's strategic selectivity with regard to food security. Except in cases of extreme and acute food shortages, food security is to be achieved through personal responsibility exercised through market relations rather than through the management and distribution of food surpluses by the state. This is a hallmark of the "good governance" neoliberalization produces, despite the volatility of international markets.

Finally, this understanding of food security exemplifies the narrow conception of security dominant within the US state, casting poverty and the absence of linkages to networks of capitalist accumulation as weakness, and this weakness as insecurity for US and capital interests around the globe. The reworking of the relations between security and development by and through state development institutions such as USAID produces a new cartography of development, both in the accepted relations between market, state, and civil society, and in the flows of resources and expertise to states targeted for development assistance. Such designation is not only a matter of need, as USAID (2004b, 2005b, 2006) makes clear that geostrategic concerns are an important factor in directing flows of aid, as is the presence of political will to undertake neoliberalization. The freedom to accumulate capital on a global scale, and to do so without the threat of state interference or social resistance, becomes the object of such security concerns, *not* the security of individuals and communities from hunger, depredation, and exploitation.

CONCLUSION

I have provided an examination of the way in which a particular US state institution, the US Agency for International Development, has acted as site and strategy for the reconfiguration of state and class-relevant practices regarding development, trade, and security. This reconfiguration, occurring in and through the structure and strategic selectivity of the US state, forms a key part of a broader transition between state and hegemonic projects, and produces a new cartography of development that centers internationalizing market relations (Jessop 1990, 2001, 2002; McMichael 2002a; Peet and Watts 1993). While this is not to suggest that this transition is complete or total, it does emphasize the ways in which a relative unity of action and

ideological commitment – in this case to trade liberalization and a particularly narrow definition of security – is enforced in and through state institutions. USAID, as a pivotal state agency with a great deal of power over dominant understandings and practices of development, demonstrates one way in which the production and maintenance of neoliberalization occurs – in this case, through the adoption of trade capacity building, which posits liberalized trade as the only appropriate path to economic development, and a security discourse that casts underdevelopment as a national security threat. The example of food aid and food security begins to illustrate how this configuration centers the needs of internationalizing capital and the geopolitical concerns of the US state – not new in the work of USAID, but to be achieved in markedly new ways. This paper is an initial foray into identifying specific ways in which class-relevant struggles have coalesced around USAID’s internal constitution and external relations; the next task is to identify how these struggles may be advanced to promote something beyond the democracy of the marketplace and the security of capitalist accumulation.

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NOTES

¹ These are three bilateral and regional FTAs the US is currently pursuing or on which it has completed negotiations. The Andean Pact includes Bolivia, Colombia, Ecuador, and Peru. CAFTA-DR, the Central American Free Trade Agreement, includes Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua. SACU, the Southern African Customs Union, includes Botswana, Lesotho, Namibia, South Africa, and Swaziland.

² The Economic Support Fund is an aid account managed by the State Department and implemented by USAID. Writing for the Brookings Institution, Lancaster and Van Dusen (2005:15) describe ESF as “grant aid originally intended to ease the burden of security expenditures for US friends and allies abroad – especially in the Middle East – but increasingly used to fund a number of other activities associated with relief and reconstruction, development, and democracy promotion.”

³ PL 480 has long been the most important US food aid program in strategic and funding terms. Other smaller food aid programs, such as Food for Freedom, are administered solely by USAID or with assistance from the State Department (Mustard 2003a, 2003b; USAID 1966).

⁴ PL 480 consists of three funding titles. Title I funds long-term loans to developing country governments and private buyers at low interest rates to allow the purchase of surplus US agro-food commodities – it is a concessional sales program administered and paid for in US dollars. Title II provides direct humanitarian assistance in the form of food donations. Title III provides government-to-government grants and in most years receives no funding. From the

early 1990s to FY 2001, Title II money increased from around 50% of PL 480 funds (which fell overall) to 86%, indicating the collapse of US geopolitical objectives associated with the Cold War and the development project (USDA 2004:6).

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Table 1: US trade capacity building funding, FY1999-2006

FY	Total US (\$million)	USAID (\$million)	Percent USAID
1999	369.1	249	67.4
2000	504.5	398	79.0
2001	598.7	423	70.6
2002	637.8	477	74.8
2003	760.1	554	72.9
2004	921.2	617	67.0
2005	1345.3	694.9	51.7
2006	1436.0	487.3	33.9

Source: USAID 2007a

Table 2: USAID taxonomy of developing states

Country category	Category criteria
Sustaining Partnership Countries	Upper-middle income or greater; US support to sustain partnerships, progress, and peace.
Transforming Countries	Low or lower middle income states; US assistance to build good governance and sustainable progress
Developing Countries	Low or lower middle income states; US assistance to strengthen democratization and basic economic growth and poverty reduction
Rebuilding Countries	States in or emerging from and rebuilding after internal or external conflict; US assistance to stabilize governance and lay foundations for development progress
Restrictive Countries	States of concern where there are significant governance issues; US assistance to empower civil society and reduce such states' potential negative impacts on global and regional stability
Global or Regional Programs	Activities that advance the five aid objectives, transcend a single country's borders, and are addressed outside country strategies; US assistance to achieve generalized development goals

Source: USAID 2006
