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Thinking about developmental states in Africa

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During much of the 1980s and 90s, a literature emerged suggesting that 'developmental states' were impossible in Africa. The arguments given ranged from cultural ones about the pervasive nature of clientalism to structural ones on the dependence of African economies or the atypical levels of rent seeking in African economies. This paper argues that Africa has had states that were 'developmental' in both their aspirations and economic performance. It further argues that these experiences need to be examined critically for useful lessons, an exercise that has been hindered by an excessive levelling of the African political and economic landscapes.

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1. Introduction

One remarkable feature of the discourse on the state and development in Africa is the disjuncture between an analytical tradition that insists on the impossibility of developmental states in Africa and a prescriptive literature that presupposes the possibility of their existence. States whose capacity to pursue any national project is denied at one level (theoretical or diagnostic) are exhorted, at the prescriptive level, to assume roles that are, *ex definicione*, beyond their capacity, character or political will. Such states are urged to 'delink', to reduce themselves, to stabilize the economy, to privatise the economy, to engage in 'good governance', to democratise themselves and society, to create an 'enabling environment' for the private sector, etc. In other words, to do what they cannot do. What we then have is, to paraphrase Gramsci, the pessimism of the diagnosis and the optimism of the prescription. Obviously, such a contradictory position is unsatisfactory. To attain some congruence between diagnosis and prescription, we need to retrace our steps back to the diagnosis. We shall argue that neither Africa's post-colonial history nor the actual practice engaged in by successful 'developmental states' rule out the possibility of African 'developmental states' capable of playing a more dynamic role than hitherto. This assertion has to contend with a whole intellectual tradition on the prospects of capitalist accumulation in Africa and the nature of African states and societies—a tradition characterised by deter-

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ministic and aprioristic discourse rarely based on analysis of actual experiences, but merely on first principles, ideological conviction or faith.

We shall contend that most of the analyses about African states that have led to so much despondency about the prospects of development are based on invidious comparison between African states in crisis and idealised and tendentiously characterised states elsewhere. This invidious comparison has occulted African states, making concrete analysis of their character less important than the normative statements about what they should be. The 'ought' has proved more interesting than the 'is'; turning debates on the state in Africa into the most pontifical and teleological of any theme in Africa. In addition, the analysis fails to capture great variations in economic performance among African countries, and within countries over different periods. Some of the problems arise from the tendency to treat conjunctural features of states as if they constituted structural or intrinsic features of African societies. Indeed, in some of the literature pre-adjustment Africa is presented as an undifferentiated economic failure with differentiation only taking place after adjustment between 'non-adjusters' and 'strong adjusters'. This is not borne out empirically. Differentiation among African economies was at least as great before adjustment as after. The ultimate result of the misreading of experiences in Africa and elsewhere is not only to throw the proverbial baby out with the bath water, but also to nourish deep-seated prejudice that makes understanding Africa's strengths and weaknesses particularly difficult. Possible lessons and capacities have simply been ignored or frittered away.

1.1 The 'developmental state'

In the literature, the 'developmental state' has two components: one *ideological*, one *structural*. It is this *ideology–structure nexus* that distinguishes developmental states from other forms of states. In terms of ideology, a developmental state is essentially one whose ideological underpinning is 'developmentalist' in that it conceives its 'mission' as that of ensuring economic development, usually interpreted to mean high rates of accumulation and industrialisation. Such a state 'establishes as its principle of legitimacy its ability to promote sustained development, understanding by development the steady high rates of economic growth and structural change in the productive system, both domestically and in its relationship to the international economy' (Castells, 1992, p. 55). At the ideational level, the élite must be able to establish an 'ideological hegemony', so that its developmental project becomes, in a Gramscian sense, a 'hegemonic' project to which key actors in the nation adhere voluntarily. The *state-structure* side of the definition of the developmental state emphasises *capacity* to implement economic policies sagaciously and effectively. Such a capacity is determined by various factors—institutional, technical, administrative and political. Undergirding all these is the *autonomy* of the state from social forces so that it can use these capacities to devise long-term economic policies unencumbered by the claims of myopic private interests. It is usually assumed that such a state should be a 'strong state', in contrast to what Gunnar Myrdal (1968) referred to as the 'soft state' that had neither the administrative capacity nor the political wherewithal to push through its developmental project. And, finally, the state must have some social anchoring that prevents it from using its autonomy in a predatory manner and enables it to gain adhesion of key social actors.

As formulated, the definition of the 'developmental state' runs the risk of being tautological, since evidence that the state is developmental is often drawn deductively from the performance of the economy. This produces a definition of a state as developmental if the economy is developing, and equates economic success to state strength, while measuring the latter by the presumed outcomes of its policies. It has led to myopic concentration of analysis around success to the neglect of the 'trial and error' nature of policy-making even in the most successful cases. If a developmental state is not be deified into some kind of omnipotent and omniscient leviathan that always gets what it wants, then the definition must include situations in which exogenous structural dynamic and unforeseen factors can torpedo genuine developmental commitments and efforts by the state, as happened recently in some of the most successful Asian developmental states.[1] Just as factors other than the state have accounted for success, so can these factors account for economic failure. This allows room for poor performance due to exogenous factors, miscalculation or plain bad luck. At times, a government's political will and technical capacity may simply prove inadequate to fend off exogenous forces. In Africa, we have many examples of states whose performance until the mid-1970s would have qualified them as 'developmental states' in the sense conveyed by current definitions, but which now seem anti-developmental because the hard times brought the economic expansion of their countries to a halt. Recognition of episodes and possibilities of failure leads us to a definition of a developmental state as one whose ideological underpinnings are developmental and one that seriously *attempts* to deploy its administrative and political resources to the task of economic development. Proxies such as 'tax efforts' and public expenditure patterns can be used to measure such 'seriousness'. The main force behind the developmentalist ideology has usually been nationalism, inducing nations to seek to 'catch up' with countries considered as more developed, to secure the resource base for national defence and security, etc. It is essential to stress these ideological underpinnings of state policies for it is these that provide the rationale for some of the 'policies' and give legitimacy to otherwise unpalatable 'sacrifices', not only because they serve as the 'opium of the masses', but also because they knit together the ruling class.[2] The centrality of ideology also points to the naiveté of the de-politicised quest for technocratic 'governance', now pushed by international financial institutions (IFIs), in which a technocracy is supposed to carry out policies that are good for the nation for no apparent reason, not even self-serving ones.

1.2 Lessons from Asia

In the 1980s, neoliberal orthodoxy harped on the deleterious effects of state intervention and insisted on the advantages of market-driven development. The lessons drawn from these experiences differed and were often shaped by the pre-analytic predisposition of the observer. Earlier recognition of this performance of the 'Four Tigers' was refracted through the prism of neoliberalism so that the experience appeared shorn of all *dirigisme* and was cited as irrefutable evidence of the superiority of essentially *laissez-faire* policies. More specifically, reliance on market forces and the adoption of market-driven export-oriented development strategies was said to have led to efficient exploitation of the comparative

[1] The Latin American '*desarrollista*' state which was obviously developmental has fallen into oblivion as a result of the 'lost decade' of the 1980s, and yet there were examples of states which in both aspiration and achievement were squarely development. For a comparative perspective on Latin American and Asian development states see (Schneider, 1999).

[2] This is, of course, not peculiar to developing countries. In Western Europe, the system of competing states from the seventeenth century onwards provided the impetus to strengthening of state power. Security and military needs compelled the dynastic rulers to build centralised and absolutist states that used, among other instruments, mercantilist policies, to build national economies. In the eighteenth century, the growth of nation-states and nationalism provided further impetus to the élite to continue the process of deepening state power by creating an environment favourable to industry. See, for example, Anderson (1974) and Hobsbawm (1996). On the ideological underpinnings of Japanese industrialisation, see Gao (1997)

advantage of these countries in cheap labour (Balassa, 1971; Little *et al.*, 1970). The first presentation for African consumption of the lessons from Asia from the neoliberal perspective was the Berg Report (World Bank, 1981), which has been the definitive document on adjustment for 17 years. There have been amendments, subtractions, additions and refinements of the argument, but as *Adjustment in Africa* (World Bank, 1994) clearly suggested; the World Bank was almost congenitally tied to the core argument of the Berg report with its faith in the market and a minimalist view of the state. The 1994 report insisted on the dichotomy made in African policy-making between state and market in which these appeared as rival forms, thus reviving the Manichean discourse that had for years vitiated the evaluation of 'development planning' in Africa.

Subsequent analysis has shown that neoclassical reading of experiences of development in Asia had downplayed the role of the state in the 'success stories'. Mounting evidence showed that the state had been the key agent behind the spectacular success of the East Asian 'Four Tigers'. This has led not only to a re-reading of the role of the state in the development process, but it has also raised the question of the replicability of their policies and experiences in other developing countries. 'Revisionist' literature on the Asian experience presents a picture quite different from that projected by neoclassical interpretation of that same experience. These countries were far from paragons of 'laissez-fairism' and, instead, were highly *dirigiste* economies in which the states had 'governed markets' to ensure high levels of accumulation, technology absorption and conquest of foreign markets.[1] The general conclusion of this literature is that the 'market failure' so prominent in development economics is still a problem that warrants government intervention and that, since such 'failures' differ in intensity, scope and location, a selective set of interventions is required. The most significant lesson has been the central role played by a 'developmental state' in the process of development. This *dirigiste* Asian experience and theoretical developments in economics have revived interest in some of the issues that were central to development studies, unleashing what Krugman (1992) has called a 'counter-counter revolution'. These issues include problems of human capital; possibilities of the state 'crowding in' private investment; economies of scale, market imperfections and failures, industrial policy, etc.

In the African case, the failure of structural adjustment programmes has compelled the Bretton Woods institutions to recognise the positive role the state can play in the process of development, beyond acting as a 'night watchman'. In its 1989 evaluation of Africa's adjustment experience, the World Bank (1989) acknowledged the importance of the state in managing development and social change, and brought back on the agenda the proactive role of the state in development. However, the return of the state was now premised upon a whole series of proposals about 'good governance'. In *Adjustment in Africa* (World Bank, 1994) and *Bureaucrats in Business* (World Bank, 1995), the World Bank retreated to its more familiar ideological terrain in which a developmental state borders on an oxymoron. The lesson drawn for Africa by the World Bank was that, in the best of cases, development strategies[2] or, more precisely, industrial policies were either superfluous or, where useful, merely simulated the market, which, in the opinion of some, would have done better without the interventions anyway. For Africa, two additional arguments were added: first, even if industrial policy had worked in the successful economies, African

[1] The subject is vast. Literature seeking to draw lessons for Africa includes Brautigam (1994), Stein (1994) and World Bank (1994). Much of this literature was written before the financial crisis and tended to downplay some of the problems that are now raised by the crisis.

[2] On the editorial process of the elimination of the notion of 'strategy' from the *Asian miracle* study, see Wade (1996).

states were too weak and too prone to 'capture' by vested interests, so that the pursuit of such polices would produce perverse outcomes. And, second, in any case in the World Trade Organisation (WTO) trade regime most of the policies central to industrial policy were no longer acceptable or were allowed in a highly restricted form in terms of both content and time allowed for their pursuit.

2. African prospects

If the state was given a central role in earlier views of the process of development in Africa, the situation changed dramatically in the late 1970s and 1980s. By the 1990s, the African state had become the most demonised social institution in Africa, vilified for its weaknesses, its over-extension, its interference with the smooth functioning of markets, its repressive character, its dependence on foreign powers, its ubiquity, its absence, etc. The state, once the cornerstone of development, became the millstone around otherwise efficient markets. It is now the 'rentier state', the 'over-extended state', the 'parasitical state', the 'predatory state', the 'lame Leviathan', 'the patrimonial state', the 'prebendal state', the 'crony state', the 'kleptocratic state', the 'inverted state', etc. Although this inflation of epithets reached high proportions in more recent years, the tradition itself predates the 'crisis' years. Early criticism of the state in Africa came from the neo-Marxists whose own epithets to describe the pathological condition of the African state included the 'petty bourgeois state', the 'neocolonial state' and the 'dependent state'. It was argued that not only has the state become dysfunctional in terms of the management of larger societal issues, but also a real nuisance in the daily life of its citizens, as evidenced by their 'withdrawal' from state-dominated economic and social spaces (Chazan, 1988; Rothchild, 1994).[1] Some even went so far as to conceive of developmental schemes that completely circumvent or marginalise the state as non-governmental organisations, the private sector and local communities proceed almost surreptitiously with addressing issues of poverty and development without the encumbrance of the state. Brian Van Arkadie (1999), in a contribution to an anthology on the role of the state in development, pointedly asks: 'Are there "states" in Africa?' Thomas Callaghy and John Ravenhill (Callaghy and Ravenhill, 1993), argue that 'nobody has been able to generate a more viable strategy for Africa, in large part because the state capabilities necessary for an alternative, heavily statist, strategy along East Asian lines, simply do not exist'. Lewis and Stein (1997), discussing the replicability of the Asian model, concurs: 'While some aspects of this model (for instance, greater political insulation of economic policy makers) could reasonably be achieved in African countries, the extensive coordinated economic interventions of the East Asian states are well beyond the administrative faculties of most African governments.' In the more extreme (and recent) what we were witnessing was not state failure but merely the logical outcome of the instrumentalisation of disorder. Patrick Chabal and Jean-Pascal Daloz (1999), who must surely count among John Sender's 'protagonist of nausea, marginalisation and disdain' simply argue that that is the way 'Africa works'.

John Sender (1999) captures this syndrome well when he states:

> It is hard to find an economist, social scientist, or journalist who does not take a jaundiced, indeed a tragic view of development in sub-Saharan Africa. People at all ends of the ideological spectrum appear to agree on a pessimistic prognosis. They commonly use a language that evokes disappoint-

[1] In the event, much of this analysis and imagery was belied by the intensive political struggles for democratisation and state power and the readiness of so many social actors to engage with the state. The state still remains a potent and highly prized force in Africa, its tattered condition notwithstanding.

ment, moralistic outrage, repugnance and a barely concealed, if not overt, contempt for African barbarism. The predominant and stomach-churning metaphors are medical/biological: blood, rot, scars, mutilation, plagues, deterioration, starvation, and pathological crises are said to be endemic.

Young (1998) summarises the major message of this literature as follows: 'The African state itself, as a historical agent of development, same under challenge. The argument ran that thorough prebendalism of the public realm had created a state incapable of effective macroeconomic management' (p. 346).

The shift in attitudes is attributable not only to the dismal performance of African states during the current social and economic crisis, but also to a number of ideological, paradigmatic and structural shifts in both the domestic and international spheres. First, on the ideological level, there was the dramatic ascendancy of neoliberalism—partly as a result of the rise and political triumph of the neoconservative movements riding on the discontent with welfare state and the inflationary impact of Keynesian solutions and the collapse of central planning in socialist countries. The demise of the theoretical armour for state intervention, the ideological hegemony of neoconservatism in key funding institutions and donor countries spilled over into the aid business, and therefore it should come as no surprise that the aid discourse embraced some of the anti-statism of neoliberalism. Secondly, at the structural level, the process of globalisation has forced all governments to rethink and restructure the state–market relationships in their respective countries and to pay greater homage to 'market forces'. And at the domestic level, the association of state interventionism with authoritarian rule has tarnished virtually every involvement of the state in the economy. Such a view has been reinforced by the palpable failure of 'development planning' in many authoritarian countries. And finally, there was the changing 'mood' towards Third World countries (Afropessimism, anti-Thirdworldism, etc.) and the pessimism or cynicism of the development establishment about its counterparts in the recipient countries. All these pointed to 'government failure' as more insidious than the market failure that state policies had purportedly been designed to correct.

To conclude, although some of the arguments against state intervention are based on an idealised and often dogmatic view of markets, there is now widespread acceptance of 'market failure', on the grounds of economies of scale, imperfect information, etc. Consequently, the most important case against developmental states in Africa is not faith in flawless markets, but rather that whatever the degree and extent of 'market failure' African states cannot correct them in ways that do not make things worse. What emerges in the literature on Africa is that what has obviously worked in other 'late industrialisers' is simply a non-starter in Africa. While it is now admitted that the state has played a central role in the development of Asian countries, it is suggested that replication of the Asian experience is somehow impossible for Africa. The reasons include (a) the dependence, (b) the lack of ideology, (c) the 'softness' of the African state and its proneness to 'capture' by special interest groups, (d) lack of technical and analytical capacity, (e) the changed international environment that did not permit protection of industrial policies, and (f) the poor record of past performance.

2.1 Lack of ideology?

One argument often advanced, sometimes by Africans themselves, relates to the lack of an ideology of development anchored in some form of nationalist project. This is a recurring theme in political discourse in Africa. Fanon's (1966, 1967) tirades against the ideological numbness of the emergent ruling classes in Africa remain among the most sustained statements of this position. Many other political leaders and analysts have elaborated on this lacuna. Onimode (1988) talks of the 'ideological vacuum' that he attributes to petty bourgeois commitment to their class interests and their fear of 'revolutionary pressures', to the obscurantism of imperialist powers and to mass illiteracy 'which imposes a culture of silence and passivity and inhibits popular demand for ideological discourse'.

For some, the lack of ideology is inherent in personal rule under which loyalty is not to some overriding societal goals but to individuals, often holding highly idiosyncratic ideologies that they themselves flout with impunity and with no moral qualms (Jackson and Rosberg, 1982; Sandbrook, 1986). Consequently, such leaders are said to have no moral basis on which they could demand enthusiastic and internalised compliance to whatever 'national project' they launched. In the more extreme versions, the lack of ideology of development is evidence of the cultural rejection of development by African leaders and their followers.

Much of this writing conflates the inefficacy, incoherency or unattractiveness of a particular ideology with their absence. The quest for an ideology to guide the development process inspired African leaders to propound their own idiosyncratic and often incoherent 'ideologies' to 'rally the masses' for national unity and development.[1] If such ideologies are still inadequate to the task, it is definitely not for lack of trying. The centrality of 'development' was such that it acquired the status of an ideology ('developmentalism') that provided the ideological scaffolding of 'development plans'[2] and the authoritarian scaffolding given to it. Thus Williams (1977, p. 286), writing about the ruling class in Nigeria, states:

> The Nigerian bourgeoisie lacks the commitment of a religious socialist or nationalist character of the rationalising, capital accumulating, surplus expropriating classes of Britain, Russia, Germany, or Japan during their period of industrialisation. Perhaps it is this, which lies behind the repeated call for a 'national ideology', which seeks to subordinate the energy of the people behind a single national goal. In fact the Nigerian bourgeoisie do have an ideology, in the sense of a theoretical legitimisation of the *status quo*. It is found in the concept of 'development' . . .

For some, such an ideology has essentially served purposes of mystification and obfuscation. Ake (1996) states: 'The ideology of development was exploited as a means of reproducing political hegemony; it got limited attention and served hardly any purpose as a framework for economic transformation'. My own view is less cynical. I have argued elsewhere (Mkandawire, 1999B) that for most of the first generation of African leaders 'development' was certainly a central preoccupation. Indeed some writers characterise the post-colonial state as 'developmentalist' almost by definition.[3] African leaders have always been aware of the need for some 'nationalist-cum-developmentalist' ideology for both nation building and development. By political commitment and social origins most of the

[1] So important were these ideologies that they spawned quite an extensive literature on the 'ideologies' of African leaders and social movements. See, for, example, Ake (1976, 1979), Gana (1986), Glickman (1987), Keller and Rothchild (1987), Kitching (1982), Mamdani (1990) and Young (1982).

[2] Clive Thomas (1984) has argued that there are certain features of 'peripheral societies' that raise the significance of ideology for the authoritarian states that emerge. Such ideologies invariably promote the role of the state as an institution above all classes representing in effect a simple equation of state and society. Another key feature of this ideology is the emphasis on the goals of development and modernisation: 'Development is promoted as both an end in itself and as the principal objective of all social economic activity' (p. 120). Much of the writing on the ideologies of African states tended to consider them as essentially 'developmentalist', an ideological posture that was viewed negatively as leading to violations of human rights, compromising national sovereignty, trampling on other social values all in the name of development, etc. (Ake, 1979; Mamdani *et al.*, 1988; Mkandawire, 1990; Shivji, 1980), or encouraging top-down development. For those of post-modernist temperament, the African state is 'developmentalist' through and through.

[3] See, for instance, Gibbon (1997).

leaders were deeply committed to the 'eradication of poverty, ignorance and disease', which formed an 'unholy trinity' against which nationalist swords were drawn in the post-colonial era. And even today, some view of development conditions African policy-makers' perception of policy. Thus, although many writers assume that African leaders' objection to structural adjustment programmes (SAPs) was because these programmes would undermine their rent seeking and clientalistic *chasse gardée*, there are well-documented developmental arguments against SAPs, advanced by African bureaucrats, on the need to maintain public investment in infrastructure and education, on the need for some form of credit rationing to stimulate private investment, on the need for some capital flow controls, and for an entrepreneurial role for the state etc (Mkandawire and Soludo, 1999). The Economic Commission for Africa (ECA) has over the years regularly codified these positions, which were often dismissed peremptorily by the Bretton Woods Institutions (BWIs). In more recent years, the World Bank has moved closer to the views of the ECA.

In conclusion, one should note that, whereas the first generation of African leaders concentrated their energies on the *politics* of nation building, there are signs of a new leadership whose focus is on the *economics* of nation building. These new leaders swear by economic growth and seem to view good growth indicators as the main source of their legitimacy. In addition, if the earlier nationalist leaders associated capitalism with foreign control, the new leadership seems much less preoccupied with that. They have embraced privatisation and attraction of foreign capital as centrepieces of their policy initiatives.[1]

2.2 Dependence syndrome

In the modernisation school that dominated development studies in the 1950s and 1960s, it was usually assumed that, once colonialism had shaken these underdeveloped countries out of their traditional stupor, they would embark on a process of modernisation that would make them traverse certain 'stages'—as spelt out by W. W. Rowstow in his famous 'anti-Communist manifesto', *Stages of Economic Growth* (Rowstow, 1960)—towards a fully fledged capitalist system. Considerable empirical work was produced indicating certain historical regularities associated with economic growth, the idea being that, once identified, they could then be deliberately introduced or manipulated (through aid schemes and 'development planning') in the underdeveloped countries to initiate or accelerate the growth process.[2] 'Traditional society' might set up barriers but these would be overcome by modernising élites, aid and foreign capital. The first generation of post-colonial 'development plans' were couched in a language that suggested conscious efforts to move economies from one 'stage'—usually the 'pre-take off' stage towards the 'take-off' stage. In all this, the centre stage was occupied by 'modernising élites' guided by the aspirations of nation building and development. The 'developmental state' was seen as not only desirable but also possible and able to be facilitated by training programmes, aid, military support, etc. (Gendzier, 1985).

By the mid-1970s, this linear view of capitalist development began to lose its dominance largely owing to the onslaught of the *Dependence School*, which generally denied that

[1] Ominously, these leaders are more attentive to the apprehensions and applause of international organisations than to their domestic constituencies including domestic capital. While assiduously cultivating a good image in the eyes of international financial institutions (IFIs) and seeking out foreign capital, they tend to have a jaundiced view of domestic capitalists, whom they hold in spite and incessantly vilify for parasitism, failure jointly to set up modern enterprises able to compete internationally, etc.

[2] The work of Simon Kuznet and later that of Chenery and his associates were the most notable of their kind.

capitalism in the periphery could play its historical progressive role (in the Leninists' sense of leading to an increase in the productive forces of social labour and in the socialisation of labour). Instead, it spoke of processes of an ineluctable 'development of underdevelopment'. The assertion followed from a rather constricted view of possible 'paths' of capitalist accumulation and a highly stereotyped and idealised view of how the 'paths' of the developed capitalist countries, which were then posited as models against which current development experiences could be judged, had actually been. This point of departure in turn led to the mistaken view that, because capitalism in the periphery was different and produced a series of social, political and economic contradictions that were specific to it, it ceased to be capitalist or, worse, it led to stagnation—a view associated with the Russian Narodniks that Lenin was to debunk.[1]

More significant was the fact that this perspective ruled out the possibility of developmental states in Africa that were either led by a national bourgeoisie or capable of nurturing one. This of course meant that either transnationalisation processes had obviated the need for such a national bourgeoisie or the asymmetric nature of centre–periphery relations tended to produce class structures that were not conducive to dynamic accumulation and, more specifically, produced a bourgeoisie that was historically condemned to be no more than a 'comprador bourgeoisie' subservient to the interests of foreign capital (Leys, 1975; Shivji, 1980). Such a ruling class could not produce the 'captains of industry' needed for the mobilisation of resources and acquisition of technology. Fanon (1966, 1967) was to provide the quintessential characterisation of the socio-psychology of this class as essentially born senile and decadent before scaling the heights of enlightenment and industrial revolution. At best, Africa could have 'lumpen bourgeoisie', 'dependent capitalist' or, worse, 'drone capitalist' (Akeredolu-Ale, 1975). Such descriptions pointed to one fact, namely, that the African state was not up to its 'historical mission' of ensuring capitalist accumulation. They underscored how the African state diverged from the historical 'norm' of the capitalist state in the 'centre' in which the national bourgeois had created a state that was the linchpin of the industrialisation of Europe. The question that emerged from this analysis was: is the aberration only temporary so that one could envision a set of policies and events that would turn this state into a 'normal bourgeois state', or was the historical conjecture such that the position of these peripheral states would remain pathological and that the only solution would be some kind of 'delinking' from the 'world system'? Most of the countries that openly pursued the capitalist path were considered 'neocolonial' and so beholden to foreign interests that they could not possibly pursue something so eminently 'national' as development.

By the, 1970s and 1980s most of these arguments had begun to lose their force, partly because of the Asian and some African and Latin American experience of what Cardoso and Faletto (1979) termed 'associated dependent development' and partly because of ideological changes among key social movements that increasingly sought internal reform rather than rupture. The 'associated dependent development' allowed for capitalist development in the periphery and in many ways provided the intellectual tools necessary for conceptualising the possibilities and dynamics of 'dependent development'. The prerequisites for such development were, *inter alia*, that a national alliance be established between the national bourgeoisie and labour and that the alliance constitute a 'developmental bloc' able and willing to pursue a strategy of national industrial development over the long term. All this presupposed a 'developmental state'. Versions of 'associated dependent development' appeared in the literature on Africa to accommodate the high growth rates in

[1] The prevalence of such 'populism' in development studies is critically examined in Kitching (1982).

such countries as Côte d'Ivoire and Kenya, and were most articulately advanced in the so-called 'Kenya debate'.[1]

2.3 Lack of autonomy

One major set of recent assertions of the impossibility of developmental states in Africa are derived from a focus on the internal conditions of African countries and are largely informed by neo-Weberian accounts of state–society relations or by public choice formulations on how the rational pursuit by individuals of their interests has led rather to a lack of autonomy of the state and African malaise owing to capture by societal interests.

2.4 Neo-patrimonialism

The neo-Weberian critique has focused on the failure of African states to establish themselves as rational–legal institutions and to rise above the 'patrimonialism' that affects all of them, regardless of their ideological claims and the moral rectitude of individual leaders. Going back to the functions that modernisation had assigned to the state, the neo-Weberian highlights the flawed nature of the performance of the post-independence state, especially in its relationship with a society at large from which it has not been able to distance itself adequately so as to perform efficiently. In these accounts, 'market failure' central to development economics and 'government failure' central to neoclassical economists are replaced by something more debilitating and more recalcitrant 'societal failure' signalled not only by lack of 'social capital', but also by the disease-like spread of this societal malaise into both market and state structures. Termite-like, Africa's primordial and patrimonial relationship (what Göran Hyden refers to as the 'economy of affection') has eaten into the very core of the edifice of modern administration rendering it both weak and incoherent. In Hyden's (1983, p. 21) words:

> the economy of affection is an underestimated threat to the macro-economic ambitions of either capitalism or socialism in Africa. Derived from a mode of production in which the structural interdependence of the various production units is minimal or nil it has no provision from a systemic superstructure to keep it together. Instead the economy of affection is a myriad of invisible micro-economic networks, which, if allowed to penetrate society, gradually wear down the macro-economic structures, and eventually the whole system. The threat of the affective networks stems from their invisibility and intractability.

Mired in redistributive activities imposed by affective relations, prebendalism or clientalism, so the argument goes, the state has not been able to provide the bureaucratic order and predictability that capitalists need if they are to engage in long-term investment. To the Asian 'autonomous state' is juxtaposed the African 'lame Leviathan' (Callaghy, 1987), which is so porous and 'penetrated' by society, so beholden to particularistic interest groups, so mired in patron–client relationships, and so lacking in 'stateness' it cannot pursue the collective task of development, which demands insulation from such redistributive demands. It is these relationships that constitute what Bayart (1993) terms the 'politics of the belly' that has paralysed the African economy.

There are a number of problems with this approach as we contemplate the prospects of a developmental state in Africa. One is that it is not always clear whether such state–society relationships are inherent to the level of development and that with passage of time

[1] The 'Kenya debate' was a debate not among Kenyans but about Kenya by a group of expatriates, most of whom were temporarily resident in Kenya. This may partly explain its abrupt end. Kitching (1985) also suggests that the fact that all the protagonists viewed themselves as progressives precluded the further pursuit of the debate on how a capitalist accumulation process could be promoted.

the African state will evolve into a more respectable and recognisably developmental form. Or are they merely conjunctural phenomena attributable to the greed and venality of individual African leaders spurred on by the dramatic increases in revenue accruing to the state in the post-colonial era? Or are these attributes of the peculiarities and the historicity of African cultures that account for Africa's predicament (as compared, for instance, with the blessings of Confucianism enjoyed by the Asian countries) that can only be transcended in the *longue durée*?[1]

Another problem is that 'neo-patrimonial' states in and outside Africa have pursued a wide range of policies, including some that are squarely developmental. In other words, other than indicating the style of governance, neo-patrimonialism does not tell us much about what policies a state will pursue and with what success. In the African case, 'neo-patrimonialism' has been used to explain import substitution, export orientation, parastatals, privatisation, the informal sector development, etc. The result is that, in seeking to explain everything, the concept explains nothing except perhaps that capitalist relations in their idealised form are not pervasive in Africa. Even more damning is the fact that some of the features of the African state highlighted by this literature have been a salient aspect of successful developmental states. Accounts of spectacular corruption in the high-performing East Asian economies have become frequent in the press following the financial crisis. So, obviously, neo-patrimonialism is not a robust independent variable in explaining low economic growth. One solution to this conundrum is to suggest that, while the Asian variant of patrimonialism does not constrain rational bureaucratic decision-making (a contradiction in terms), Africa's patrimonialism does just that. The African state is said to be afflicted not only with paternalism, but also with a debilitating strain of 'pathological paternalism' (Ergas, 1986).[2] Much of this speculation fails to spell out exactly what African cultural attributes would produce the pathology of paternalism in Africa. It also idealises the Asian experience and thus obscures the lessons and the very complex processes behind the successful performance of these economies.[3]

Finally, we should also bear in mind that morally reprehensible or culturally unacceptable though certain 'clientalistic' practices may be, we do not have a clear theoretical establishment of how they affect the performance of capitalist economies. Capitalist economies operate with much broader moral latitude than it is often preached. A very wide range of morally reprehensible behaviour can be integrated seamlessly into strategies of accumulation.

2.5 Public choice and rent seeking

The most cogently stated of these 'impossibility' theses is that of the public choice school, with the work of Bates (1981) being the single most comprehensive statement as far as Africa is concerned. Essentially, this position starts from assumptions of how unregulated markets work. In general, these markets are said to operate in a Pareto optimal way in the sense that the allocation of resources that they generate is such that it can only be im-

[1] Bayart (1993) assures us that 'the contemporary orbit of politics South of the Sahara, inasmuch as it refers to the past trajectory, is capable of change one day. Seen in this light, the long-term prison is more like a probation' (p. 263).

[2] Bayart (1993) even has a precise list of the contents of this malaise: 'The pre-eminence of strategies of extroversion and escape, lack of over-exploitation, the mediocrity of accumulation, under-productivity in the economy, wealth valued in men rather than goods and land, extensive representation of space in terms of mobility, a plural conception of time . . . ' (p. 263).

[3] For a less idealised view of Asian developmental states, see the essays in Chan, Clark and Lam (1998). The studies evolve around the notion of 'bringing society back in' and some of them succumb to culturalist reductionism.

proved upon by making somebody worse off. Given that markets work well, why are 'market distortions' by the state tolerated or generated? In Bates' work, the answer lay in the rational pursuit of self-interest groups by organised individuals who pushed the state to adopt policies that generated 'rents' for them. The state was then essentially a rent-generating institution that inhibited efficient allocation of resources. In this literature, 'rent seeking' invokes the expenditure of resources to capture artificially created rents. It should be stressed that the point of departure of 'rent-seeking' literature is the perfect market. In real life and, indeed, by this definition, rent would be ubiquitous in any situation in which a state existed to safeguard or transfer rights.

Like 'neo-patrimonialism', rent seeking is used in a procrustean manner, so that it ultimately assumes the character of a bogeyman. While the concept points to something real in most economies, it has been made to carry more than it can bear. This has been partly because of the anti-statist ideology to which it has become tethered, making it serve as an ideological weapon in the 'statephobia' that neoliberalism has cast so broadly, and partly because of the protean definition assigned to it so that, as it departs from its original definition in economics, it is made to include anything from Mafia-like activities to the protestations by the Chamber of Commerce over pieces of legislation. In the case of Africa, rent seeking is conflated or used interchangeably with corruption, patron–clientalism and even the extended African family.

It is important to underscore that key economic policies, especially those surrounding import substitution were not the result of lobbying by rent seekers or 'capture' of the state of these policies. Synthesising the results of a number of studies on the interaction between the economics and politics in several developing countries, Robert Bates and Anne Krueger (1993), who have contributed richly to the public choice school, state: '[o]ne of the most surprising findings in our case studies is the degree to which the intervention of interest groups fails to account for the initiation or lack of initiation of policy reforms' (p. 455). The reason is obviously that most of the policies attributed to rent seeking in Africa preceded and indeed spawned the social groups to whom the policies have been attributed. With the exception of a few cases, such 'embeddedness' never really developed in Africa. If there was anything that the state in Africa failed to do, it was to allow the local business class effective presence in policy-making. Or, conversely, if there is anything that the African business classes failed to do it was to 'capture' state policies. Much of the evidence of 'capture' is deduced from the fact that gains accrue to identifiable groups or sectors. However, the argument here often involves a *non sequitur*. The fact that a group benefits from a particular set of policies does not prove that they lobbied for those policies, let alone that they have 'captured' the state. Dispensation of rent by states does not establish capture by the beneficiaries of such rents. Thus, when Mobutu embarked on 'Zairenisation', transferring foreign-owned firms to nationals, all one can say is that a state awash with revenue from increased commodity prices took some 'nationalistic' measures, which benefited some of Mobutu's cronies. The true test of 'capture' is the behaviour of the state during hard times. In the African case, key groups benefiting from putatively 'captured' policies (such as the vaunted 'labour aristocracy') have been dropped from the coalition with surprising ease.[1] Conceptually, state policies were never a 'class project' in Africa. Import substitution was neither the result of successful lobbying by rent seeking groups nor a consciously devised strategy to support the emergence of a national bourgeoisie; and even the small capitalists that emerged almost inadvertently, and at times

[1] For a good account of the demise of the fortunes of the African 'labour aristocracy', see Jamal and Weeks (1988).

despite state harassment, were to be abruptly left out in the cold as governments danced to the tunes of the BWIs. Indeed, where intimate relationships emerged, they tended to be arbitrary and lacking in reciprocity. There were many historical reasons for the weakness of the African capitalist class *vis-à-vis* the state. For one, colonialism had suppressed the emergence of such a class so that, unlike the case in India, for instance, the national bourgeoisie played a marginal role in the liberation struggle and could easily be marginalised in policy-making. The absence of a group of large indigenous capitalists with sizeable capital, organisational resources and entrepreneurial skills, obviated the need for the new states to form an alliance with such classes for its development project. It also limited the capacity of indigenous capitalists to 'capture' state policies. In addition, only in rare cases have the domestic capitalist classes constituted an important base of state revenue. In the mineral-rich economies, the state had access to revenue either by directly owning the mines or by relying on foreign capital. In other economies, the state has had access to peasant revenue without any mediation by a capitalist class, or even a merchant one.

Rent seeking usually involves redistribution of income from one group to another and, as Joseph Stiglitz (Stiglitz, n.d.) notes, do 'not waste the volume of resources in their quest that would account for differences in production, nor does their interference seem to create a sizeable amount of dead-weight loss'.[1] The effect of such redistribution on growth depends on its impact on incentives and the use to which the 'winners' put the surplus in their hands. Rents can constitute a form of primitive accumulation, as can be inherited wealth or any form of windfall profit. The key question is: will wealth collected in the form of rents be transformed into capital through productive investment? Even in the context of new growth theories, we simply do not have evidence on the precise channels through which rent seeking adversely affects such variables as growth, if at all. In looking at some of the advice given to African countries, it turns out that what is wrong is not rents *per se* but rents attached to a wrong strategy. This partly explains why advocates of export-oriented strategies admit, albeit surreptitiously and reluctantly, to the need to deploy rents to stimulate export-oriented industries. In the push for exports towards which Africans are now being urged, it is suggested that governments provide selective confessional credits, export subsidies, etc. This involves creating 'rents' in these new activities.

In addition, rents can be both 'productive' and 'unproductive' in their incentive impact. In most models, it is assumed that rents are exogenous to the individual firm. They are out there, and the firm allocates resources to get them. It follows from this assumption that such an allocation will leave fewer resources for productive investments. However, once the assumption of exogeneity is dropped, and once we assume instead that the level of rents a firm gets depends on the size of the firm's activities, the story changes, and we get an entirely different dynamics in which rent is a function of the firm's performance. The pursuit of rents can lead to expansion of productivity activity. In such cases, rent seeking becomes a spur to growth as rent seekers attempt to capture as much of the rents as possible. Much of the writing on Asia, at least up to the current financial crisis, took it for granted that the creation and allocation of rents by the state had played a central role in

[1] Most of the studies that report high costs of rent seeking first calculate the level of rent by multiplying the volume of transactions (e.g., imports) by the gap between equilibrium prices and prevailing prices (e.g., the black market foreign exchange premium). On the assumption of perfect competition, it is then argued that this amount measures the cost of rent to the economy, since this will be the amount expended in competitive bidding, leading to the dissipation of rent (for an example of such an exercise, see Amporo-Tuffuor and Delorme (1987). Paradoxically, these assumptions are made together with those of clientalism which would obviate the need for rent seeking and authoritarianism, which clearly suggest imperfect political markets.

both creating a nationalist capitalist class and promoting accumulation. Writers on Asia point to 'contingent rents', which have been used to encourage contests among private firms for government incentive and coordination schemes (Yanagihara, 1997).

The point of the Asian experience is that the use of 'rent seeking' as an argument against a more active developmental state is simply not credible. The relevant issues are 'rents' for whom and with what reciprocal obligations for receivers of such rents? And the answer will lie on the desired income distribution and strategy of development. The denial of an active developmental state for fear of 'capture' is tantamount to the denial of the possibilities in Africa of accelerated development achieved by a deliberate 'government of the market' towards greater mobilisation and developmental allocation of resources (including rents). In the African debates, the fear of the damaging effects of rent seeking has not only sustained the argument for a minimalist state, but has also given the foreign experts, who for inexplicable reasons do not engage in rent seeking like all other mortal beings, a moral upper hand.

Both the rent-seeking and neo-patrimonialism arguments have been used to seek more autonomous states by suggesting that the key to Asian states was such insulation. Analysis by institutionalists suggests that the view of the autonomy of the state in the 'Asian miracle' countries is an oversimplification and the argument for state technocracies pursuing development in complete isolation from societal pressures is a myth and is not empirically founded. In the seminal work on developmental states, Johnson (1987) underlined as a crucial feature the intimacy of their relationship with the private sector and the intensity of their involvement in the market. Subsequent writing on other developmental states has underscored this point, leading to the useful, albeit problematic, notion of 'embedded autonomy' to describe the nature of state autonomy in these societies as circumscribed by the dependence of the state on the activities of the private sector for its development project (Evans, 1992). Evans has also argued that the much-vaunted autonomy is 'embedded in a progressively dense web of ties with both non-state and other state actors (internal and external) through which the state has been able to coordinate the economy and implement developmental objectives'. In popular parlance, such a relationship is encapsulated by such expressions as 'Japan Inc.' or 'Malaysia's smart partnership', which all point to a closer relationship between state and domestic capital than that advocated by IFIs. In many countries, independently organised business associations have had considerable influence on state polices. In the Republic of Korea, concentration of business and the highly diversified interests of the *chaebols* obviated the need for organised collective action. Instead, business–government relations were managed through direct firm level and even personal consultations between the *chaebols* and state institutions (Cheng *et al*., 1996). Hawes and Liu (1993) note that, in other Asian countries, technocrats, who have enjoyed less autonomy than those in the Republic of Korea and Taiwan Province of China, have had 'to seek allies where they could find them, both nationally and internationally, and they have found many willing partners in the demand for new institutions within the growing and increasingly competitive classes of the region' (p. 647). The World Bank (1993) observes that 'formal institutions that facilitate communication and cooperation between the private and public secures . . . in effect an institutionalised form of wealth sharing aimed primarily at winning the support and cooperation of business elites' (p. 181). The 'isolation' of these states was not from all particularistic interests but from those of some particular interests or classes. These essentially corporatist arrangements were central to the building of the relationship of trust between state and capital. Until quite recently, when the World Bank has encouraged the involvement of other 'stakeholders' in policy-making, the main thrust has been towards the isolation of the state from local interest groups.

2.6 Inaccurate economic histories

Much of this 'impossibility' literature is based on a misreading of the economic history of Africa. The Berg Report contained a brief history of Africa's post-colonial development and the role of the state in that development. It portrayed both post-colonial policy and performance as unmitigated and undifferentiated disasters.[1] The veracity of the Berg Report's analysis of the African economic crisis was taken for granted by most analysts of African economies (including those who rejected its prescriptions). Taking the Berg Report as their point of departure, they proceeded to derive generalisations from it and to provide the political explanations for that poor policy performance. And yet the Berg Report had in many ways misrepresented Africa's economic performance during the preceding two decades. Indeed, as Thomas Callaghy and John Ravenhill (1993) have argued, the strategies proposed by 'Western Actors' in the 1980s could be characterised as 'a back to the future' strategy. 'It is an attempt to take African countries back to the 1960s, both economically and now politically, in order to start the development process over and do it right this time.'

First and foremost, it underestimated the enormous importance to African economies of external conjuncture and the role of foreign expertise. African economies generally do well when the global conjuncture is good and poorly when it is bad (Deaton and Miller, 1996). It is a lesson that the BWIs have gradually learnt as their own stabilisation and adjustment programmes have on several occasions been unscrambled by external factors. As for foreign expertise, this is one variable that is often conveniently forgotten in looking at the malaise of the African state. Nevertheless, international institutions do, on occasion, admit that their role in African policy-making has been a major contributory factor to the policies African countries have pursued. Most policies that are today attributed to neo-patrimonialism and rent seeking were the orthodoxy of the day brought to Africa in well-funded and well-manned packages. The lack of 'policy-ownership' is not a new thing in Africa and, alas, not a thing of the past either.

Secondly, despite the many distortions of import substitution, until the second 'oil' crisis many African economies had performed relatively well. If Africa did not perform as well overall as Asia and Latin America, it should be emphasised that the performance of the top performers in Africa was close to the best of the comparable Asian countries during that period. If one takes a growth rate of 6% over more than a decade as a measure of successful development performance, in the 1967–80 periods, ten countries enjoying such growth were African.[2] These not only included mineral-rich countries such as Gabon, Botswana, Congo and Nigeria but also such countries as Kenya and Cote d'Ivoire, who slightly outperformed both Indonesia and Malaysia during the period (see Tables 1 and 2). One interesting feature is that much of this growth was sustained largely by domestic

[1] The dispelling of earlier achievements by 'interventionist' states had a lot to do with the internal intellectual fight within the World Bank between the ascendant neoliberal critique led by Anne Kruger and the structuralist positions of Chenery and his team that marked the MacNamara era.

[2] It might be rightly argued that higher population growth rates meant lower per capita income growth for Africa. However, it could be argued that such relatively high growth rates were achieved *before* the demographic transition that gave Asia a more favourable age distribution than Africa, a point used by Paul Krugman to argue that the 'Asian miracle' was based on greater inputs than productivity gains. On Africa's delayed 'demographic transition' and the importance of such 'transitions' see Bloom (1998) and Bloom and Williamson (1998).

Table 1. *Selected growth statistics 1967–80*

Statistics	Latin America	Sub-Saharan Africa	Asia
Mean	4·5	4·3	4·7
Median	4·8	4·1	5·5
Standard deviation	2·2	2·7	4·5
Variance	4·9	7·1	20·6
Percentiles			
20	2·6	2·0	2·3
40	3·5	3·3	4·8
60	5·2	4·7	6·2
80	6·8	6·2	7·6

Source: Calculated from *World Bank Development Indicators 1998* CD-ROM.

Table 2. *Average growth rates 1967–80 of the best performing countries*

Country	Average growth rate
1. Botswana	14
2. Singapore	10
3. Korea, Rep.	10
4. Brazil	9
5. Ecuador	8
6. Gabon	8
7. Hong Kong	8
8. Dominican Republic	7
9. Paraguay	7
10. Lesotho	7
11. Thailand	7
12. Kenya	7
13. Malaysia	7
14. Cote d'Ivoire	7
15. Indonesia	7
16. Seychelles	7
17. China	7
18. Belize	7
19. Mexico	7
20. Swaziland	6
21. Fiji	6
22. Costa Rica	6
23. Congo, Rep.	6
24. Rwanda	6
25. Guatemala	6
26. Colombia	6
27. Nigeria	6

Source: Calculated from the *World Bank Development Indicators 1998* CD-ROM.

savings, which increased significantly after independence, reaching, on the average, 21.5% by 1980. Close to a third of the countries had savings rates that were higher than 25% by 1980 (Table 3). The rates of savings and investments of the high-performing African countries compared well with those of 'developmental states' in East Asia, although they

Table 3. *Savings rates in sub-Saharan countries*

	1964	1973	1980	1991
Mean	16·38	18·48	21·47	14·71
% of countries with savings greater than 25%	25·0	29·0	31·6	9·5

Source: Calculated from the *World Bank Development Indicators 1998* CD-ROM.

tended to yield lower rates of growth.[1] In overall economic policy terms, Van Arkadie's (1999) summary of the situation is worth citing:

A significant part of the development budget was locally financed, balance of payments were in reasonable order, exchange rates were not out of line, and inflation appeared only occasionally and then in modest form. An indicator of the order macroeconomic environment was the cosy relationship between the IMF and most African countries before the first oil shock.

It should also be pointed out that good performance was not only confined to the economics sector. Perhaps even more impressive was the progress in the social and the physical infrastructure (see especially Sender, 1999). One deploys this material not only to set the record straight but also to remind us that the current practice of considering 4–5% growth as 'success story' unnecessarily lowers expectations and fails to point out that such rates of growth are lower than success in the *dirigiste* days. These economic 'successes' spawned their own literature which is reminiscent of the current literature on development states (Anyang' Nyong'o, 1987; Biersteker, 1987; Campbell, 1987; Forrest, 1987; Kaplinsky, 1982; Lubeck, 1987; Sender and Smith, 1986; Swainson, 1980).

Thirdly, African development strategies were not inward looking in a simplistic autarkic or 'hostile-to-trade' manner so that there Africa's low share in world trade can be attributed to such policies[2] (Rodrik, 1997). Nor was the failure to pursue labour-intensive, export-oriented strategies a failure to respect comparative advantage. Most development strategies were based on the assumption that, by using the comparative advantage in 'land', African countries would industrialise by exporting minerals or other primary products to earn the necessary foreign exchange for industrialisation, which would eventually allow diversification of their export bases. For these 'land rich' economies, revealed comparative advantage lay in these 'land-intensive' exports rather than in the labour-intensive ones associated with Asia. Such a choice has had enormous implications on the stability, flexibility and social structures of African economies.[3] The inflexibility was re-enforced by

[1] The implication here is that African countries had higher capital–output ratios, which some attribute to 'inefficiency' in Africa. However, it could also be that, since they began with much poorer infrastructure and engaged in more 'resource intensive' export orientation, such higher capital output ratios were inevitable. We should note that the evidence on efficiency as measured by total factor productivity (TFP) does not unequivocally suggest greater efficiency in the East Asian countries. The widely cited study on TFP by Young (1994) shows that the Republic of Korea had lower TFP than Botswana, Cameroon, Congo, Gabon, Guinea, Lesotho and Zimbabwe. Singapore had lower TFP than every African country included in a list of 66 countries.

[2] As Dan Rodrik has demonstrated, African countries trade on average as much as would be expected by international standards once their individual characteristics (such as income levels and size) are taken into account. Their marginalisation has more to do with slower growth than anti-trade bias.

[3] There is research literature suggesting the implications of natural resources on choice of strategies and the 'path dependence' such choices induce (Amsden, 1995; Krause, 1995; Sachs and Warner, 1995; Shaffer, 1994).

the lack of an explicit export–investment nexus to diversify export away from monocultural structures.[1]

Finally, the assumption by the state of an active role in economic affairs was not always the result of hostility to private investment putatively caused by visceral anti-capitalist reaction induced by colonial experience. The fact of the matter is that, in the immediate post-independence period, most African governments pursued what was known as 'industrialisation-by-invitation' strategies in which the attraction of foreign capital played a central role. Protective measures for industry were often part of the package of incentives demanded by or intended to attract foreign capitalists. It was the reticence of foreign investment that pushed African governments towards increased reliance on parastatals and joint ventures and escalation of the battle to attract foreign capital. There is some sense in which we may be reliving the same experience as once again African governments seek to attract foreign investments with a battery of incentives.

3. 'Maladjusting' the African state

The significance of these 'impossibility arguments' is that the discursive framework they have engendered has produced a knowledge that has been acted upon by key policymakers in a self-fulfilling manner. They have led to a set of measures that have so maladjusted African states that they provide proof of the impossibility of developmental states in Africa. To avoid clientalism and rent seeking, the state is squeezed fiscally and even politically. This weakened state then exhibits incapacity to carry out its basic functions (partly because of demoralisation, moonlighting by the civil servants, corruption, etc.). This is then used to argue that the state in Africa is not capable of being developmental and therefore needs to be stripped down further and be buffeted by legions of foreign experts. And so we witness in Africa the reinforcement of policies that continue to erode the economic and political capacity of the state, even as considerable concern is expressed about 'good governance' and efforts at 'capacity building' are doubled. And it is to this that we now turn.

3.1 Undermining state capacity

One central tenet of adjustment has involved 'rolling back the state'. While it is true that any kind of response to the fiscal crisis of the state may have justified drastic reductions in public expenditure, both the cognitive framework through which the problem was based and the actual solutions proposed led not so much to the 'rolling back of the state', but to a drastic erosion of its capacity as a state. The intention was to create what Johnson (1987) characterised as a 'soft authoritarian' state whose main task was to create an 'enabling environment' for the private sector by augmenting market rationality, reducing risks and uncertainty but not engaging in 'market distorting' interventions that characterised policies of Asian developmental states. Writing on Mozambique, Wuyts (1996) speaks of two processes that weakened the state under adjustment—the squeezing of the state through fiscal constraints and the splitting of the state from increased fragmentation of control over public money between state institutions and a multitude of donor initiatives. One could add here the pillage of the state through the stripping of assets and 'fire sales' through privatisation.

[1] This seems to be the problem with current adjustment strategies that are pushing back African countries to their 'historical' comparative advantage (Zambia is getting back to copper, Ghana to gold and cocoa, and Uganda to coffee) without any explicit investment policies on stimulating and diversifying exports.

The literature informing the 'downsizing' measures has suggested that public expenditure in Africa is too high largely because of a bloated bureaucracy that drains the state coffers. The standard policy prescription was retrenchment of the civil service. While the literature on 'downsizing' has always assumed the simultaneous introduction of performance-enhancing measures,[1] the reduction of the civil service in Africa has usually gone hand in hand with declining real wages and uncertainty even for those that remain on the payroll. The effect of all this is captured by Aron (1996) thus:

> The state in Africa has come full circle to the small government of pre-colonial days; but with the additional hysteresis effect from past shocks of a seriously depleted current institutional capability, deterioration in the current quality and scope of social services and infrastructure provision, coupled with a fiscal position highly vulnerable to changes in foreign aid. (p. 117)

Apparently alarmed by the damage its prescriptions have caused, the World Bank has become more cautious in its pronouncements about the downsizing of the civil service. A World Bank study noting that, among developing countries, sub-Saharan Africa had the lowest government employment as a percentage of the population, had the following observations:

> In many countries in sub-Saharan Africa, the civil service has sharply deteriorated in almost every way since the 1970s. (Botswana is one of the few exceptions.) Beginning in the 1980s, a succession of fiscal stabilisation programs has reduced government employment in Africa to the lowest level of any developing region. Thus, although additional downsizing may be necessary in some countries, most do not need to shrink the workforce but to overhaul the entire civil service system. (Schiavo-Campo, 1996)[2]

No wonder 'capacity building' is now a major preoccupation in the donor community.[3] It derives partly from the view that Africa's institutions of governance are weak or inappropriate in some sense or other, and that, where the institutions are appropriate, the personnel managing them are poorly trained. This leads to a significant role for technical assistance in aid packages and 'capacity building' programmes even as international organisations bemoan their own preponderance in the formulation and implementation of policies in Africa. The brain drain afflicting many African countries is evidence of the fact that low morale and poor pay, rather than technical competence, are the main problem of the civil service in Africa today—itself the consequence of an anti-state ideology. Rather than exclusive focus on 'capacity building', focus in Africa should first and foremost be on the valorisation of existing capacities through better 'capacity utilisation' and 'retooling' of the civil service, reversing the brain drain and repairing the main institutions of training that have been starved even as donors set up new ones to produce the parochial skills required in their new projects.

While the need for curbing authoritarian states is understandable, the incapacitation of the state has been extended to democratically elected ones largely because the anti-state

[1] For a stimulating account of the differences between the advice contained in the business sector 'downsizing literature' under the practices of public sector reform in the developing countries, see Tendler (1997).

[2] One should note here that the 'overhauling of the entire system' has been a licence for reckless experimentation with African institutions.

[3] One should note here the contradictory positions of the World Bank 'developmental divisions' and the IMF's fiscal policy divisions. While the former now recognise that for 'developmental' tasks the entrenchment and downsizing may have gone too far and weakened both capacity and morale of the civil service, the IMF still insists on more cuts even as it re-labels its Extended Structural Adjustments Facility (ESAF) as Poverty Reduction and Growth Facility (PRGF).

ideology rarely distinguishes between democratic and authoritarian states. Indeed, in some of the literature it is suggested that neo-patrimonialism and rent seeking will be accentuated by democracy. Consequently, the designs are to impose restrictions on the new democracies by multiplying the number of 'authoritarian enclaves' (e.g., independent central banks) that lie outside the purview of democratic politics and to limit the choices of elected bodies (Mkandawire, 1999A)

3.2 Proliferation of tasks for weakened states

Paradoxically, the continued weakening of the capacity of the state goes hand in hand with the revival of interest in economic development and growth and as 'new growth theories' provide a new rationale for government intervention, since they assert that, because the contribution to the overall social production of some investments is higher than their contribution to the income of individual agents, some government policies to foster such activities would be welfare enhancing (Barros, 1993). Its generic presentation takes the form:

$$\dot{Y} = b_i\mathbf{I} + b_m\mathbf{M} + b_z\mathbf{Z} \tag{1}$$

where $\dot{Y}$ is the growth rate of income, **I** is a vector of initial conditions, **M** is a vector of control variables or policy instruments, and **Z** is a vector consisting of state variables or variables that are believed to represent appropriate conditioning information. There has been an explosion of tests of such models with the growth in the number of variables only constrained by data availability, there being no theoretical framework for determining relevant variables.[1] On the basis of such econometric exercises, the number of things that would constitute a developmental state has increased pretty much at the discretion of individual econometricians. This eclectic and rather procrustean explanation of economic growth has the paradoxical implication of increasing the 'laundry list' of what governments should do, even as the dominant ideology calls for a minimalist state: regulating liberalised markets, managing aid, ensuring investment in infrastructure, enhancing human capacity, practicing 'good governance', inducing attitudinal and ideological changes, ensuring economic and political managing of globalisation, eradicating poverty etc. The problem is not only the proliferation of tasks, but also the institutional arrangements set up to carry out such tasks. In most cases, this has involved parcelling out the different tasks to different funding agencies (governmental and non-governmental), which has simply worsened coordination problems. To handle this broad agenda, the World Bank is now calling for a 'Comprehensive Policy Framework' reminiscent of the 'development planning' abandoned in the era of structural adjustment.

3.3 Disembedding the state

We noted how much of the writing on African states bemoans their lack of autonomy. Both the invidious comparisons of African capitalists with idealised capitalists elsewhere and the fear of capture by rent seekers or patron–client networks have led to a negative and naïve view of the interrelation between public power and private interests, a view that pre-empts or precludes the possibility of building positive coalitions between the state and the business community. The presumption is simply that the state–capitalist relationship in Africa can only be collusive and not synergistically and mutually reinforcing or benignly

[1] For some idea of the nature of the debates, see Barros (1993), Levine and Zervos (1994), Nelson (1997) and Syrquin (1994).

cooperative and collaborative. As a consequence, in the African case the call for state autonomy has been tantamount to a call for 'isolation' by delinking of the state from its social roots while subjecting it to external 'agents of restraints' through a battery of conditionalities and technical assistance.[1] The BWIs have sought to free the state from 'capture' by distancing it from local vested interests. This alienation of the state is supposed to provide the necessary autonomy to ensure decisions that enhance national interests.

Compounding matters has been the 'hijacking' of key state functions by international financial institutions, further distancing the state from local capitalists. Indeed, contrary to their self-perception as the guarantors of private capital, the BWIs are a source of extreme insecurity among local capitalists. Wanton liberalisation of markets without careful consultation with business classes, privatisation that provides no special privilege to local capitalists, cessation of directed credit or 'development finance', high interest rates, all these underscore the distancing of the state from local capitalist interests and the preeminent position of IFI's interests and perceptions in policy-making. The comings and goings of BWIs' missions are as much a source of uncertainty in the business community as the movements of commodity prices. Will they devalue? Will ministers of finance be changed? Will privatisation be accelerated and thus force the government to engage in 'fire sales'? Should one wait for the Paris Club meeting before investing? Will the government comply with the conditionalities?

In virtually all the writing on the 'developmental state' in Asia, great emphasis is placed on the need for a competent administrative apparatus. We argued above that the jaundiced view of the BWIs towards the state has allowed policies and practices that have stripped state structures to their bare bones. Reconstructing the administrative apparatus is therefore a central task. Here again we have to contend, on the one hand, with mystification about how Asian bureaucracies came about, suggesting that they somehow either come from or are based on some Confucian bureaucratic sense and, on the other, the wanton denigration of the African civil services as irredeemable cesspools of corruption and incompetence. As students of Asia remind us, building these bureaucracies has been a hard-fought battle. Both the Asian and African experiences clearly suggest that it is not some cultural–ethnic attribute or some deeply rooted historicity that explains Asian administrative performance, but specific institutional arrangements between states and different classes that have underpinned the high accumulation model. In the words of Evans (1997), 'East Asian bureaucracies are neither gifts from the past nor easy outgrowths of surrounding social organisation. They are hard won edifices constantly under construction.' The way forward does not lie in the wholesale neglect of existing capacities in the quest for 'new' ones, but in the utilisation, retooling and reinvigorating of existing capacities, including reversing the brain drain and in the rebuilding of the educational and training institutions in light of long-term developmental needs rather than the *ad hoc* manner encouraged by new 'capacity-building' fads.

4. Conclusion

We have maintained that most arguments raised on the impossibility of developmental states in Africa are not firmly founded either in African historical experience or in the

[1] This comes out quite clearly in the principal–agent literature on conditionality in which African states become agents of foreign principles (Killick, 1996; Mosley, 1996), and on calls for external 'agents of restraint' on African governments reminiscent of colonial rule (Collier, 1996).

trajectories of the more successful ‘developmental states’ elsewhere. Africa has had examples of countries whose ideological inclination was clearly ‘developmentalist’ and that pursued policies that produced fairly high rates of growth and significant social gains and accumulation of human capital in the post-colonial era. Moreover, in a significant number of countries, the political élite was able to reach arrangements that provided peace and stability. And, so clearly, ‘developmental states’ are not totally alien to African climes. These experiences need to be critically examined for useful lessons, an exercise that has been hindered by an excessive levelling of the African political and economic landscapes. Having presented key actors as irredeemably greedy, corrupt and captured by rent seekers and economies of affection and African states as preternaturally disposed to predation, the misreading denies us the opportunity to think creatively of modes of social organisation at both macro and micro level that can extricate African countries from the crises they confront. It also leaves the door wide open for unlimited intervention in African affairs, and ultimately dissipates whatever enthusiasm the locals may have had for development. Lessons from other parts of the world clearly suggest that appropriate institutional structures did not always exist, but that they could be socially engineered. The experience elsewhere is that developmental states are social constructs consciously brought about by political actors and societies. As difficult as the political and economic task of establishing such states may be, it is within the reach of many countries struggling against the ravages of poverty and underdevelopment. The first few examples of developmental states were authoritarian. The new ones will have to be democratic, and it is encouraging that the two most cited examples of such ‘democratic developmental states’ are both African—Botswana and Mauritius.

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