



## The African State and Socio-Economic Development: An Institutional Perspective

Omano Edigheji\*

### Abstract

*Africa's developmental failure has received a lot of scholarly attention. Scholars, especially Africanists, have proffered numerous solutions for the continent's crises. These have been generally ill-suited to overcoming the crises. This failure, in part, is because the causes of the crises have been misdiagnosed.*

*This article attempts to situate the developmental failure of Africa within an institutional perspective. By so doing, it is argued that the institutional nature and character of the African state since independence primarily accounts for the continent's poor social and economic performance. The post-independent African state is not only disembodied, it is also disembedded. Consequently it is unable to articulate a transformative project or mobilise society around such a project. It is not equipped to respond to the needs of the African people. Policies adopted since political independence, from African socialism to neoliberalism, have reinforced the state institutional character and its inability to progressively enhance the living standards of majority of the African population.*

*Overcoming underdevelopment in Africa, to a large degree, depends on the ability of the continent to establish state and society institutions that can successfully engineer social and economic transformation.*

### Introduction

The last two decades have seen increasing emphasis being placed on institutional factors to explain variation in national economic performance. This resurgence of interest in institutional analysis is partly due to the remarkable economic performance of the East Asian Newly Industrial Countries (NICs) and partly due to recognition that the prescriptions flowing from the Washington consensus were worsening the development situation in developing countries. Consequently, the role of national institutions, especially state institutions and state-society institutions, was brought back-in into development discourse. The thrust of the

---

\*Senior Researcher and Co-Director, Globalisation and Governance Programme, Graduate School of Public and Development Management University of the Witwatersrand South Africa

institutional analysis is that the nature and character of the state as well as the nature of the relationship between state and socio-economic actors determine a country's economic performance, including its capacity to improve the welfare of its citizens, attract investment and become globally competitive. It is argued that states with robust, dynamic and flexible domestic institutions achieved better economic outcomes than those where such institutions were lacking. This theoretical approach has been utilised to analyse the economic performance of developing countries. The poor economic performance of most developing countries is attributed to their weak institutional structures. Evans (1995) typology of different states – predatory, developmental and intermediate – aptly demonstrates how differences in domestic institutions account for variations in national developmental outcomes.

In this paper, I will apply Evans' schema/typology to the post-colonial state in Africa in order to understand its socio-economic performance. This schema will not only allow us to characterise the post-colonial African state but also explain its role and consequently its performance. By adopting such an approach, the aim is not to be institutionally deterministic or state centric but to stress the centrality of national institutions, especially the state in development, especially at a time when neoliberal hegemony, both in the policy process and academic discourse, calls for a minimalist state, in spite of the fact that we are in the era of the so called post-Washington consensus.

In the first section of this paper, I discuss the predatory, developmental and intermediate states with a view to unpacking their institutional structures. In the second section, I proceed with an analysis of post-colonial African economy, its institutional underpinnings and impacts thereof. In the final and concluding section, I will draw attention to policy implications.

## **Conceptual Framework on Typology of States**

In this section, I briefly review three typology of states as a basis to set out their institutional nature and characteristics. The central point is that it is state institutional characteristics that enable it to perform a particular role. In other words, institutional characteristics influence the behavior of a state. It is important to stress this point at the beginning because recent references in the continent to the developmental state have been made in terms of the expected role of the state and the goal it should have achieved. Little attention is paid to why states behave in particular ways.

### ***The Predatory State***

Predatory states are characterised by incoherent and inefficient state institutions with very little capacity to promote collective goals such as economic growth and other social development. In the words of Evans, the predatory state "has little capability of transforming the economy and social structure over which it

presides" (Evans, 1995: 45). Instead, office bearers use the state to pursue their individual political and economic interests. The predatory states are properties of dictatorial political leaders or a small group of political elite, be they military or civilians. Evans describes Mobutu's Zaire as an archetype of the predatory state. Such a state diverts resources from productive investments to their short-term political and economic interests. State institutions and economic activities are personalised in predatory state, and are characterised by an absence of institutions and rules that hold the rulers accountable for their actions, and even where such rules exist they are circumvented by the rulers who act with virtual impunity.

Predatory states rather than build, nurture or strengthen organs of society, purposefully disorganise it, in more ways than one. For example, the individualised and clientelistic ties do not provide incentives for society to organise collectively<sup>1</sup>. In addition, because an organised society will demand a level of accountability from the state, the predatory state penetrates society in a manner that destroys it. The result is that the predatory state is "suspended in mid-air over society" (Hyden, 1983: 7 cited in Martinussen, 1997: 248).

In summary, the predatory state is unable to engineer socio-economic transformation because it is overwhelmed by clientelistic interests. The state institutions are fragile and incompetent to the extent that they are unable to formulate coherent policies that promote collective goals. In most predatory states, rent-seeking activities are institutionalised rather than discouraged by the state. The state stands above society, suppressing its capacity to contribute to the developmental process as a valuable partner. In the end, you have a process of *economic implosion*, with the state eating away its resources.

### ***The Developmental State***

At the other extreme of the predatory state is what Evans calls the developmental state. Evans adopted this concept from the seminal work of Chalmers Johnson (1982) on the Japanese political economy. In this magisterial work, Johnson tried to explain the structures and institutional prerequisites that underpin Japan's remarkable economic performance. He summed this up in the concept of the capitalist developmental state.

The developmental state has four main characteristics<sup>2</sup>. The first feature of the developmental state is political stability and an insulated bureaucracy that is relatively independent from direct political pressure. This ensures that the state agencies can function technocratically.

The second feature of the developmental state is extensive and continuous investment in education, and the third is that it promotes market-enhancing rather than market-repressing economic policies.

The fourth feature of the developmental state is a clear division of labor between the state and the private sector under overall guidance of a super-ministry or a pilot

agency such as the Japanese Ministry of Trade and Industry (MITI). This state-informed private-public partnership enabled the developmental state to set “substantive social and economic goals”. In addition, it prioritised “industrial policy, that is, concern with the structure of domestic industry and with promoting the structure that enhances the nation’s international competitiveness” (Johnson, 1982: 19). He describes the developmental state as a soft-authoritarian state that exercises considerable autonomy and even dominates the business sector. This attribute of the state, it is argued, is to ensure political stability and long-term predictability of economic goals. Successful economic transformation thus depends on the ability of the state to impose its will over society. Weak society or economic interest groups are thus seen as a source of state power. In the same logic, a strong business sector reduces the state’s autonomy.

Scholars such as Wade (1990) have applied the concept of the developmental state to explain the miraculous economic performance of the Asian Tigers<sup>3</sup>. However, Wade’s *Govern Market Theory* (GMT) can be described as a strong statist interpretation of the developmental state. According to him, GMT “emphasises the developmental virtues of a hard or soft authoritarian state in corporatist relations with the private sector” (Wade, 1990: 29). In his view, the state must *govern the market*. In his emphasis of state dominance, Wade introduced the state *fellowship and leadership* dichotomies. The former means when the state adopts programmes/policies proposed by business while the latter implies when the state takes initiatives and steers the private sector to adopt them. What he tries to demonstrate through these distinctions is that only when the state steers or prods business to do something it would not have done otherwise that counts as making a real difference to the investment and production patterns.

Network theorists such as Daniel Okimoto (1989) have criticised the strong statist conception of the developmental state. He emphasises the importance of complementary market structures for the success of the state’s transformative project. He argues that both the state and capital utilise these networks as points of entry and to influence each other, resulting in a consensus building process rather than the dominance of the state. I will return to this point later.

Evans elegantly summed up the characteristics of the developmental state in the concept of *embedded autonomy*. His version of the developmental state complements and builds upon both the strong statist approach of Johnson and Wade and the network theory of Okimoto. According to him, embedded autonomy combines Weberian bureaucratic insulation with intense connection to the surrounding structures. Autonomy means the presence of coherent state agencies that are able to formulate and implement coherent developmental goals. Put differently, autonomy means the ability of the state to behave as a coherent collective actor that is able to identify and implement developmental goals. Implicitly, the developmental state is not overwhelmed by particularistic interest groups. State bureaucratic coherence

is achieved by, among other reasons, through meritocratic recruitment. Meritocratic recruitment engenders coherent networks within the state, which enhances its capability to identify and implement independent goals. It is complemented by predictable career paths and long-term rewards for bureaucrats both of which help to generate a sense of corporate coherence.

Caution must, however, be taken not to overemphasise the significance of bureaucratic coherence as the larger political environment also conditions the state capacity and the success or otherwise of a developmental project. In the absence of a political class that shares the same transformative project with the bureaucratic elite, the development project is likely to founder. Writers on the East Asian 'economic miracles' such as Amsden (1989) and Wade have alluded to the presence of a political class that shared a growth ideology with the bureaucratic elite. The politico-bureaucratic elite in the NICs was committed to the promotion of private property, productivity and market-conforming interventions. The symbiotic relationship that existed between the politicians and the bureaucrats engendered trust, making it possible for a division of tasks whereby the political elite set the broad policy framework while the bureaucrats undertook detailed policy formulation and implementation. Simultaneously, the former protected the latter from direct political pressures. In the words of Johnson (1987), the political class and the technocrats ruled and reigned respectively. A shared ideology of growth complements and fortifies the transformative capacities of the state bureaucracy. In fact, others like Manuel Castells, define the developmental state from the role it performs. To Castells therefore:

*A state is developmental when it establishes as its principles of legitimacy its ability to promote and sustain development, understanding by development the combination of steady high rates of economic growth and structural change in the productive system, both domestically and in its relationship to the international economy (Castells, 1992:56).*

And to Pronk:

*A developmental state is one which is able and willing to create and sustain a policy climate that promotes development by fostering productive investment, exports, growth and human welfare (Pronk, 1997:5).*

Bureaucratic coherence or autonomy is not a necessary condition for a successful transformative project. As Evans argues autonomy must be complemented by embeddedness as a necessary condition for successful economic transformation. Embeddedness implies a "a concrete set of social ties that bind the state *intimately and aggressively* to society and provides institutionalised channels for the continual negotiation and renegotiations of goals and policies" (Evans, 1995: 12). This connectedness is to a particular social group with whom the state shares a transformative agenda. Implicit in this argument is that the

success of a transformative project does not only rest on the internal structures of the state but also on the networks and institutions that link the state and other actors in the economy. In its original usage, embeddedness implies the state ties with the business sector to the exclusion, if not destruction, of civil society<sup>4</sup>. However, the state is simultaneously insulated from direct political pressure. Stressing the importance of insulation and embeddedness, Seddon and Belton-Jones note:

*Effective insulation from immediate pressures of special interests enables policy-makers to respond swiftly and effectively to new circumstances; but the capacity to identify and implement appropriate policies to promote effective medium – and longer-term development requires the maintenance of strategic relations with wider civil society (Seddon and Belton-Jones, 1995: 326).*

The combination of autonomy and embeddedness by the developmental state is the basis of its efficacy. These seemingly paradoxical characteristics are mutually reinforcing and safeguard the state from piecemeal capture by particularistic interests, which are capable of destroying both the state's internal coherence and its ability to coherently interact with its economic partners. The cohesiveness of the state also enables interest groups with which it shares a transformative project to overcome their collective action problem. The networks between the state and its economic partners serve as platforms for information exchange, consensus building over policy and effective implementation and, by extension, enhance the robustness of the state apparatus. Embedded autonomy also enables the state officials to strategically and selectively intervene in the economy-focusing on sectors, products, markets, technology, etc, that they perceived as crucial to the future of industrial growth and transformation. Embedded autonomy is the institutional foundation for the developmental state to respond swiftly and effectively to rapidly changing global economic conditions.

Before concluding this section, I should draw attention to one basic assumption of the developmental state theory. Most writers on the developmental state, including Johnson, Wade and Evans, have concluded that as capital becomes internationalised and autonomous, the state capability will be reduced. According to the argument, the social actors that the developmental state brings forth becomes its nemesis. In other words, at maturation the social groups that the state helps to create develop a distinct interest from that of the state, hence they undermine the state's capacity. This assumption is fraught with several limitations. It assumes a static role for the state. Historically and empirically, across the globe, the state's role is an ever-evolving one. Evans acknowledged this evolutionary process when he identified demiurge, midwifery and husbandry as the categories of roles performed by the state. Unfortunately, he did not have this analytical frame in mind when he posited the gravedigger thesis. I argue that of critical importance is the evolutionary role of the state and state-society relations. Where there is a shared project of transformation, both the state and society influence each other complementarily.

The evolutionary process is what Linda Weiss (1998) had in mind when she formulated the *Governed Interdependence* (GI) thesis. According to her, "GI refers to a relationship that evolves over time, whereby the state exploits and converts its autonomy into increasing coordinating capacity by entering into cooperative relationships with the private sector, in order to enhance the effectiveness of its economic and industrial policies" (Weiss, 1998: 39). In other words, of central importance is the state's ability to use its autonomy to consult, negotiate and elicit consensus and cooperation from, rather than dominate, over its social partners. In this relationship, both the state and private participants maintain their autonomy within the confines of the goals set and monitored by the state. GI thus seeks to solve conceptually how to preserve state effectiveness when there is a strong capital sector. Its major contribution to the theory of state capacity is its emphasis on state-coordinated public-private cooperation rather than state-dominance conceptual fabric that dominates most of the existing literature.

The central thesis of *the developmental state approach is that because of its internal structure and its immersion in networks of ties with its socio-economic partner, the state is able to foster a transformative project*. Embedded autonomy is thus a necessary condition for successful economic transformation.

It should be noted that the East Asian developmental states were products of historical circumstances. Without going into detail, the factors that gave rise to embedded autonomy in the NICs include "ethnic homogeneity and the favorable climate in the world market, as well as the emergence of astute political leadership" (Edigheji, 1997: 27). These historical specificities simultaneously shaped and constrained the state institutions and relations to the surrounding social structures.

There is thus a need to re-emphasise the evolutionary nature of the role of the state throughout history. This is in order to correct the misconception, from academic and policy-makers of different ideological persuasions about the diminishing role of the state in the era of globalisation. It is all the more important for the African context at a time when efforts are afoot to revive the economy of the continent, through the *New Partnership for Africa's Development* (NEPAD). Among others, *NEPAD* aims to reposition Africa as an equal player in the global economy, eradicate poverty and diseases, promote sustainable development and democratic governance. It is especially because of this that we need to stress the evolutionary nature of the role of the state. By so doing, we will shift the debate away from whether the African state is dead or alive to posing the questions, what role or roles can the state play in the current global conjuncture and what institutional characteristics/attributes would enable it to achieve developmental goals?

### **The Intermediate State**

In between these two state forms is what Evans refers to as the intermediate state, with India and Brazil as examples. The intermediate state could be described as a paradox, combining both developmentalism and rentierism. The intermediate

state, unlike the predatory state, has a semblance of bureaucratic organisation, but not the degree of corporate coherence and efficiency enjoyed by the developmental state. Its bureaucracy has a degree of independence from the political elite and special interest groups. However, its internal structures are considerably fragmented, divided and unstable. Yet it contains what Evans refers to as *pockets of efficiency* resulting in better economic outcome than the predatory state. In the Brazilian case study by Evans, although the broad climate fostered a tradition of non-meritocratic recruitment and lack of career paths for civil servants, there were certain agencies within the state that promoted these bureaucratic norms and consequently were more effective in their developmental tasks.

Because of its lack of organisational coherence, there is little policy coordination within the state structure. Additionally, the state-society relationship fluctuates with time and in some instances from sector to sector. For example, state-society relations may engender rent-seeking behavior by state officials and its economic partners, and even make it impossible for both the state and society to construct a joint project of transformation. As in the Indian case study of Evans, the state may tilt more towards autonomy than embeddedness thus marginalising society in the policy process. The state on other occasions, might even be overwhelmed by special interests because of its lack of or limited corporate coherence. At other times, certain sections of the state may be embedded with society in a way that makes successful sectoral transformation possible, which could even have a positive spin-off on the rest of the economy. Evans describes this as reform by addition. Overall, however, reform by addition makes strategic and selective interventions near impossible. The lack of coordinated intervention has another negative effect: it further overstretches the capacity of the state.

Intermediate states tend to achieve some degree of developmental success due to the semblance of internal state cohesion and at other time embeddedness or a combination of elements of both. However, Evans' studies show that intermediate states achieve lesser rate of success than developmental states.

### ***The Political Economy of Post-Colonial Africa***

The political economy of Africa has been plagued by an ever deepening crisis of development, whatever indicators – economic, social, political and environmental – are used to measure this trend. In addition to a deteriorating food situation, diseases (including the ravaging effects of HIV-AIDS), low life expectancy, mass poverty, malnutrition and high unemployment, the continent has been characterised by political instability, low investment, low savings, low capital formation, primary sector based economy and highly informalised as well as a crushing debt burden. The crisis of underdevelopment has continued in the post-colonial period and Africa's socio-economic crisis has received extensive treatment in existing studies.



As a result, I will not undertake a detailed review of Africa's socio-economic performance. But to illustrate the state of the continent's development, Table 1 shows that Africa was the least developed region in the world by 1999 as defined by the Human Development indicators.

Table 1: Human Development Index (1999)

Region	Life Expectancy at birth.	Adult literacy rate (% age 15 and above)	Combined primary, secondary and gross enrolment (%)	GDP per capita (PPP US\$)
Arab States	66.4	61.3	63	4,550
East Asia and the Pacific	69.2	85.3	71	3,950
Latin America and the Caribbean	69.6	87.8	74	6,880
South Asia	62.5	55.1	53	2,280
Sub-Saharan Africa	48.8	59.6	42	1,640
Eastern Europe and CIS	68.5	98.6	77	6,290
OECD	76.6	97.5	87	22,020

Source: UNDP Human Development Report 2001.

How did Africa end up in such a dire state? I will limit my focus to an institutional analysis in an attempt to address this question. As I noted earlier, this approach is not institutionally deterministic as there are a number of factors that shape socio-economic development. But as noted earlier, institutional analysis is a powerful explanatory tool in understanding national socio-economic performance. It is for this reason the analysis is focused on the African state and development.

The post-colonial African political elites conceived the state as the prime mover of development. As a result, the post-colonial African state adopted economic planning which placed the state as the main provider of goods and services required by the people. Thus at the initial phase after political independence, the African state was involved in all spheres of development, including agricultural production, industrialisation process (mostly Import Substitution Industrialisation – ISI) and provision of basic services to the population, as well as playing a regulatory function over socio-economic development. Consequently most African states established Ministries of Planning or Economic Development. An important point to note therefore, is that at the rhetorical level, most post-independent African political elites had a vision of promoting national unity and development – seeking to, at least, improve the welfare of their citizens. The crucial question though is whether they were able to establish institutions to actualise their vision?

The ruling elite that emerged in Africa did not encourage the development of the private sector as the latter was treated with suspicion. Instead, it sought comprehensive ownership of the means of production and also acquired a central role in the management of the economy. Toward this end, the African state set up public enterprises as a measure to assert its independence and to direct and dertermine the development agenda of the newly independent state. Through the public enterprises, the state became the major provider of basic services, and through the public service, was the major employer. Therefore, across the continent, including South Africa that has a relatively large private sector, government was the major employer. Thus at independence, there was a relatively small private sector in the continent.

As a result, the participation in governance of business associations, trade unions and broader civil society was limited as the newly independent states regarded themselves as the main agents of socio-economic transformation. As a result, the African state has treated other actors with suscipicion and attempted to prevent the emergence of independent societal actors whom state officials feared would erode their power and legitimacy. We are, however, reminded by Brautigam (1994) that:

*State capacity is also shaped or determined by the capacity in society and societal linkages , including policy networks, that draw on private sector expertise and other institutions that allow for embedding or inclusion of societal capacity in the state.*

Consequently, the African state has been disembedded and disarticulated from its surrounding social structures. The developmental failure of the African state can thus be attributed to this disembeddedness, that is, the lack of institutions that facilitate institutionalised cooperation and dialogue between the state and other socio-economic actors over national development. Bratton and Van de Walle (1997) illustrate this point when they observed that, in post-colonial Africa, citizens and their organisations were seldom consulted about public policies. At best only societal interests with approved membership were consulted by the state. Citing Kasfir, they concluded that the post-colonial African state tried to circumscribe political participation by shrinking the public arena, and where relationship existed between the state and other socio-economic actors, such relationship was paternalistic rather than being programmatic – they were sources for the ruler to dispense favors to his loyalists, curry favors from potential opposition as well as an arena for primitive accumulation. In an earlier work, Bratton and Van De Walle (1994) have poigantly summed up the lack of embeddedness in Africa thus:

*African leaders have rarely used bureaucratic formulas to construct authoritative institutions or granted subsidiary spheres of influence to occuptional interest groups within civil society. Contemporary African regimes do not display the formal governing coalitions between organized state and social interests or the collective bargaining over core public policies (Bratton and Van De Walle, 1994: 458).*

Political liberalisation which began in the 1980s, may have created a more auspicious climate for an increased emphasis on popular participation, at least at the rhetorical level. But in practice, most African states lacked institutional ties to civil society organisations, except with few exceptions such as post-apartheid South Africa, where the National Economic Development and Labour Council (NEDLC) is established as a structure for dialogue and consensus-seeking, in addition to Presidential Working Groups set up under President Thabo Mbeki. But even in this context, the degree of participation and influence of societal actors on important policies is limited. Not surprisingly, therefore, most African states have yet to consult civil society groups around *NEPAD*, in spite of the resolutions by African Heads of State at the 2002 Durban summit requiring governments to consult with their citizens as a way of promoting the goals and values of *NEPAD*. Worse still, Nigeria and Senegal, two of the five countries in the *NEPAD* implementation committee, are yet to even formally brief the legislative arms about *NEPAD*. This mirrors the degree to which African leaders support and promote popular participation and consultation.

The period beginning in the early 1980s witnessed the introduction of a policy of outward orientation and liberalisation of domestic economies as the solutions to the continent's socio-economic malaise. This policy orientation intensified across Africa in the 1990s even among previously socialist-inclined governments such as Mozambique, Zimbabwe, and the newly elected African National Congress-led government in South Africa. This policy change was in most cases imposed by the IMF and the World Bank and, from the mid-1990s, they were increasingly paraded in the name of corporate globalisation. (*Globalisation compels us to do it* becomes the often heard refrain by Africa political and bureaucratic elites). The argument was that for the continent to compete in the global economy, attract foreign investment, create jobs, there was an urgent need for liberalization of its economies including reduction of subsidies, privatisation and commercialisation of state owned-enterprises, fiscal restraints and an uncritical acceptance of a minimalist state. This new policy direction has led to a redefinition of the role of governments in Africa. As Mosley et al put it, this new policy direction

*implies the roll-back of the state, both in terms of its ownership of industries, financial institutions and the marketing agencies and of its regulatory activities in trade, industry, agriculture credit and foreign investment. The economic arguments centre on the failure of the state to create the right system of incentives for an efficiently operating economy. This is sometimes expressed as the state's preference for macroeconomic policy instruments which are exercised at the expense of microeconomic rationality. The corrective measures are then privatisation and extensive deregulation, recommended in the belief that freely operating markets will conduce to the more efficient use of scarce resources of the poor (Mosley et al, 1991 :11).*

The new policy thrust ironically places greater emphasis on popular participation and cooperative relations of the state, business and civil society. But as I will show

in the discussion that follows, the contrast has been the case. Economic liberalisation has been accompanied on the one hand by the shredding of the state institutions that further reduces its capacity to perform a developmental function, and, on the other, by precluding the important national policy from the purview of public participation. As Mkandawire and Soludo (1999:130) surmise, in the context of the new growth models the very weaknesses of African institutions are important determinants of their poor performance.

Indeed the autonomy of the African state is under attack by policy of economic liberalisation with the emphasis on a minimalist state and the introduction of new managerialism. In the context of the latter, the bureaucratic elites not only rule but they also reign with important implications for democratic governance and accountability. Important policies are formulated by unaccountable bureaucratic elites often against the electoral mandate of African governments, with important adverse implications for democratic governance and accountability. National parliaments are at the receiving end of this unfolding drama. They are either bypassed or made to rubber-stamp economic policies to which they have little or no input. Thus policy informed by the Washington Consensus has entailed an usurpation of the powers and roles of African political elite over national policy-making by both unaccountable domestic and international bureaucratic elites. The latter in most cases have taken complete control of the African economy. For example, it is now common to see international bureaucrats from the World Bank and the IMF having to approve national budgets, being posted to Central Banks and Ministries of Finance, and also not only have to approve macro-economic policies but in some instances have to draw up such policies for African countries without input from African governments. The African state is therefore unlike the developmental state where the political elites set and define the context for economic reforms, and bureaucratic elites have the leeway to implement such policies and are also held accountable to function within the defined framework. But in Africa, the bureaucratic elites, because they enjoy the support of the international bureaucrats from institutions and foreign donor community and in the context of the deteriorating economic situation in the continent have largely become unaccountable to the national political elites. In other words, bureaucratic accountability, a central tenet of democratic governance is being undermined by Washington Consensus-informed micro economic policies.

Besides, the new policy orientation was accompanied by the disbanding of planning ministries and the shift of greater role over economic management to Ministries of Finance, which, unfortunately, have narrow conception of development. With this comes limited coordination of government policies and programmes. Most Ministries of Finance conceive of development in terms of macroeconomic stabilisation. In the words of Pundy Pillay: (1999:5) "In recent decades, expenditure control considerations have borne heavily on budget making. More

importantly, it has heightened the risk of ‘policy making by budget’, i.e. of the budgetary framework dominating other policy frameworks. The result is a shift from strategic and systematic planning to “getting the fundamentals right”. Thus rather than government priority determining the budget, it is the fiscal imperatives that seem to determine and shape national agenda in Africa. Pundy alluded to the fact that it is the wrong way to economic development. In his words: “Avoid policy making through the budget”.

The implication of all of the above is that the policy of market fundamentalism not only leads to the *disembeddedness* of the African state but also its *disembodiment*. The state is being disembodied by the fracturing of the relationship between the political elite and the bureaucratic elite making it incoherent and unable to act with one voice and common purpose to formulate and promote a national agenda of development. The African state, therefore, departs from the experiences of the developmental state, and cannot indeed be described as a developmental state but rather as a predatory state. Thus even in the context of liberal democracy and the pervasive dominance of market fundamentalism, as Mkandawire (1999) has argued, these are *choicless democracies* as African political elites are presented with a *fait accompli* over the policy path they have to follow.

*Choicless democracies* in Africa, as elsewhere, lack the institutional attributes necessary to successfully transform the continent’s economies from primary based to high-value added economic activities. It is therefore not surprising that the Africa economy has remained heavily dependent on the primary sector – agriculture, mining and oil, etc, and has consequently been unable to compete in a global economy driven by financial markets and information technology. In the same breath, the African, state is unable to respond to the needs and demands of the African people. Africans’ needs and demands for a reform agenda that will lead to qualitative improvement of their material conditions/standard of living are ruled out, *a priori*, from liberal democracy and economic liberalisation that are being pursued simultaneously in the continent as from the 1980s. Abrahamsen (2001) aptly characterises these as exclusionary democracies because while they allow for political competition, they cannot incorporate or respond to the demands of the majority in any meaningful way. To further draw on Abrahamsen:

*Not only was ... more social-democratic or welfarist vision of democracy rejected in favor of the more minimalist version of democracy promoted by external actors and domestic elites, but the return of political pluralism has also frequently signaled a renewed enthusiasm for economic liberalism and, by implication, further suffering for the poorer sections of society (Abrahamsen, 2001: 8–9).*

The erosion of the effectiveness of the African state, its autonomy and coherence, as well as its disembodiment comes through other means as part of the process of economic liberalism. As I have noted above, one of the key institutional requirements for a state to be developmentally effective is its capacity to recruit and retain

highly qualified bureaucrats. But in Africa, with worsening economic conditions, the working conditions of managers in public sectors have deteriorated. And in the face of increasing cost of living, top bureaucrats have resorted to moonlighting in order to supplement their wages with adverse implications for the state and development. Oluskoshi (1998), vividly captures this situation:

*These activities (moonlighting) are almost always undertaken during office hours; offices have been used as informal market outlets...In addition, state resources... are sometimes mobilized in support of the multiple livelihood strategies that have become prevalent. The consequences on the effectiveness of the civil service have been telling. It is not surprising that the civil service all over Africa has found it increasingly difficult to attract and retain high caliber local personnel with the requisite experience and expertise. The resultant "capacity gap" has largely been tackled through a resort to the employment of consultants, mostly from abroad. (Oluskoshi, 1998:42).*

Much has been said in existing studies about the role of the 'Weberianess' of the bureaucracy to economic development, that is, meritocratic recruitment and career paths, and the coherence and commitment to organisations goals that it engenders. Most of the existing studies including Evans and Rauch (1997) show that these institutional attributes are lacking in most Africa states. The post-colonial African states, with the exception of a few, have been characterised by personalisation of state power. And especially under authoritarian regimes, recruitment into, and promotion within, the bureaucracy have been based more on nepotism or loyalty to either the neopatrimonial ruler or his or her lieutenants. Even in such exceptions such as Cote d'Ivoire where highly qualified people were recruited into the bureaucracy and had relative longevity in terms of career paths, loyalty was not to the state but to the "life president", Houphouet-Boigny. Recruitment to the public service was a means of dispensing patronage to party loyalists (Crook, 1989). Indeed, in most of post-colonial Africa, recruitment and promotion in the bureaucracy are informed by personal ties to a political leader or a senior bureaucrat. As a result, the state agencies are overwhelmed by personal loyalty and connections, which has occasioned a lack of sense for collective goals, making it impossible to formulate coherent developmental objectives. The exceptions include Botswana and Mauritius, where the political elites seem to have a clear sense of purpose and consequently ensure that there are meritocratic recruitments and predictable career paths for bureaucrats. The Mauritian political elite, for example, has been said to be driven by an ideology of Fabian socialism and export-led growth. It recruited a bureaucratic elite that shares the same developmental goals and organisational norms and values (Brautigam, 1997). In general, however, as noted by Martinussen (1997) in Africa, state institutions function with little or no respect for bureaucratic norms and serve as tools of the political elite. The crisis of the state institutions is exacerbated by the fact that it is overwhelmed by particularistic economic interests, which further reduces its autonomy/capacity to formulate policies that promote collective goals.

Daniel Edevbaro (1998) characterisation of the Nigerian state is appropriate:

*The ... Nigerian state has been based on patronage networks which have been sustained through corruption. Corruption has been made possible as a result of state 'capture', which has led to underdevelopment, as national resources had been diverted into private pockets of the militicians<sup>5</sup> (Edevbaro, 1998: 179) (emphasis added).*

This has created and entrenched a cult of personality that perceives leadership as being above the law and use the state as a platform to exchange and distribute favours. This phenomenon has engendered over-centralisation of power at the federal level, personified by the various military leaders. Under the Babangida and Abacha military regimes, the Nigerian state was run as a property of these two dreaded military dictators<sup>6</sup> who corrupted every domain of public life. Corruption and rent-seeking have become the norm rather than the exception. Civil servants were made to conform or be fired. In the face of the political uncertainty, job insecurity and rapid and high turnover of top civil servants with every successive regimes, bureaucrats lost all sense of collective goals and became uninterested to work for the collective welfare of the citizenry (Edevbaro, 1998). The consequence for Africa's most populous nation is poor political institutionalisation and uncertainty, circumvention of the decision-making process, personalisation of national resources, low investments and economic deprivation. Nigeria which was in the 1960s on par, in terms of development, with countries such as Malaysia, is now one of the poorest countries in the world, according to recent statistics of the World Bank. The Nigerian case might be an extreme case. However in most of post-colonial Africa, corruption and rent-seeking are the norm and is cancerous, destroying the productive base of the continent. These have adverse effects on the capacity of the African state as it complicates the process of building a professional, reliable, modern administrative apparatus, one capable of efficiently serving the long-term national interests (Harsch, 1993). In the exceptional cases of Botswana and Mauritius, state coherence was also ensured through bureaucratic accountability. In both countries, political elites have shown political will to promote their vision of development. They have also defined the context for the operation of the bureaucratic elites.

Needless to say that the problem *per se* is not about rent-seeking or even corruption by the state bureaucratic and political elites in Africa. Indeed it is generally recognised that rent-seeking and corruption seem to characterise the process of capital accumulation. All capitalist societies are marked by rent-seeking and corruption. The Enron episode in the US is illustrative of corruption in capitalist societies. Little wonder that the Asian developmental states have also been marked by high level rent-seeking and corruption, which have earned them the label of crony capitalism. For example, almost all former prime ministers of South Korea have had some run in with law enforcement agents after their terms. But what distinguishes the African state from the developmental state is that in the latter

corruption and rent-seeking are aberrations rather than the norms and have not destroyed the productive capacity of the economic system. In contrast, rent-seeking in the African context has been cancerous and the produce of rents has been used for consumption rather than for productive purposes. This is a crucial variable in understanding the nature of the African state. As K.S Jomo, one of the most authoritative scholar on Malaysian political economy, notes:

*Rent transfers may well contribute to, rather than undermine, further investments in the national economy since rentiers can usually count on further advantages from such investments. If capital flight is thus discouraged, the greater concentration of wealth associated with such rentier activity may actually have the consequences of raising corporate savings, thus accelerated capital accumulation, growth and structural changes (1996: 12).*

The key point therefore is not whether or not the African political and bureaucratic elites are engaged in rent-seeking activities but that the produce of such rents has been diverted to “unproductive purposes” unlike the cases in the development states. Lastly, in the African context, rent-seeking and corruption exist in the bureaucracy, from top to bottom. I have argued that in contrast, in the development states context, pockets of rent-seeking exist, but there are institutional norms that discouraged especially “unproductive” rent-seeking behaviour. One significant point to note is that given the degree of rentierism in Africa, it is easy for particularistic interests to overwhelm the state and divert its attention from its goals. An important lesson therefore is for the African state to develop institutions that, at the very least, will minimise corruption and rent-seeking.

## **Conclusion**

In this paper I have attempted to situate African political economy within the comparative institutional framework. I briefly reviewed three typology of states. On the basis of that theoretical framework, the post-colonial African state has been labeled as predatory. It is argued that both the policies of the immediate post-independence period and those being pursued since the 1980s – in line with the Washington Consensus – have not been conducive for the development of state institutions that are capable of engineering both growth and development. The consequence has been that Africa remains a primary sector based economy, unable to compete in the global economy whilst the majority of its people live in abject poverty. It is also noted that there are few exceptions in Africa such as Botswana and Mauritius that require critical examination rather than mere generalisations about the African state. In that instance, there might be some lessons to be learned from both countries in terms of what can be emulated and what not to be replicated. Certainly, one of the lessons to learn from both countries, and the discussion on the developmental state, is the need to develop institutions that can promote development – recruitment of bureaucrats



being purely based on merit, predictable career paths and complemented by the need for top bureaucrats to share the same developmental agenda with the political elites. Further, a useful lesson from this discussion is that the political elites must set the developmental context and bureaucrats should then be given the necessary leeway to implement policies within that defined framework. A necessary condition therefore is that political elite must *rule* and bureaucratic elite must *reign*. This conception goes against the logic of the new managerialism. In addition, there is a very strong need for the African state to re-establish coordinating ministries to ensure systematic and strategic planning and coordination of government programmes and activities. Importantly, the injunction by Pundy Pillay that “avoid policy making through the budget” should be heeded. This point is particularly important in the context of *NEPAD*. For *NEPAD* to succeed, it must be anchored on national development programmes that individual governments must formulate in their respective countries. Budgets must then be the means to actualise the objectives of such programmes. In conclusion, the ability of Africa to overcome its dire state of underdevelopment is considerably dependent on its ability to establish institutions that can successfully engineer socio-economic transformation.

## Endnotes

- 1 Where society is organised, for example, as in Nigeria, it is in opposition to military rule. In other words, the existence of society is in spite of the state, although the activities of the former continues to be undermined by the latter.
- 2 These features are not discussed in any particular order.
- 3 The Asian Tigers or Newly Industrialising Countries (NICs) are South Korea, Taiwan, Singapore and Hong Kong.
- 4 Evans subsequently argues for the broadening of the concept of embeddedness to mean state-capital-civil society relations so that the state could take advantages that come with civic engagement in the transformation. He points to Austria and Kerala as examples where civil society engagement have contributed to the success of a developmental project. Woo-Cumings (1996) criticised the choice of Kerala as that developmental state because of its low per capita income. One could also add that because it is a state within a country, Kerala cannot be used as an example of a developmental state. Without the conditions provided by the Indian state, a different outcome would have been likely.
- 5 I appropriated the term *militicians* from Ayo Obe, president of the Civil Liberties Organisation, who, in a personal e-mail message to me so characterised the military and the political elite that have dominated Nigerian politics and plundered its resources since independence.
- 6 Under the Babangida regime, a \$12.4 billion Gulf War oil windfall was not deposited in any known official account of the Nigerian government (see Civil Liberties Organisation Press Release, 21 July 1998). The money is believed to have been deposited in foreign bank accounts of the military leader and his

collaborators. Similarly, a few weeks before the death of General Abacha, his security adviser, Alhaji Gwarzo withdrew millions of dollars from the government account. Only a fraction of this money was recovered by the military regime of General Abubakar. The government of President Obasanjo has recovered millions of dollars from the Abacha family but huge amount of funds that “went missing from the national treasury” including \$2.8 billion dollars during Obasanjo regime as a military ruler are yet to be accounted for. Moreover, the looting of state resources has continued under the, current civilian government of President Obasanjo in spite of his so called avowed commitment to anti-corruption crusade. It will be near impossible for the anti-corruption crusade to succeed when it is generally believed that the anti-corruption tribunal is being used to witch-hunt those opposed to the Obasanjo government.

## References

- Amsden, A. (1989) *Asia's Next Giant: South Korea and Late Industrialization*. New York: Oxford University Press
- Abrahamsen, R. (2001) “Democratisation – Part of the Problem or the Solution to Africa’s ‘Failed States’”. Unpublished paper. University of Wales.
- Bratton, M. and N. Van de Walle (1994) “Neopatrimonial Regimes and Political Transitions in Africa”. *World Politics*, Vol. 46, No. 4, July.
- Brautigam, D. (1997) “Institutions, Economic Reforms, and Democratic Consolidation in Mauritius”, *Comparative Politics*, Vol. 30, Issue 1, October.
- Castells, M. (1992) “Four Asian Tigers with a Dragon Head: A Comparative Analysis of State, Economy and Society in Asian Pacific Rim”, in R. Applebaum and J. Henderson, eds., *State and Development in the Asian Pacific*. Newbury Park: Sage Publications
- Crook, R.C. (1989) “Patrimonialism, Administrative Effectiveness and Economic Development in Cote D’Ivoire”. *African Affairs*, Vol. 88, No. 351. April.
- Deyo, F. ed, (1987) *The Political Economy of the New Asian Industrialism*. Ithaca & London: Cornell University Press,
- Edevbaro, D. O. (1998) *The Political Economy of Corruption and Underdevelopment in Nigeria*. Helsinki: University of Helsinki Press.
- Edigheji, O. (1997) “Globalization and the Role of the State in the Promotion of Black Economic Empowerment in South Africa.” University of Durban-Westville: Unpublished M.A thesis.

- Evans, P. (1995) *Embedded Autonomy: States and Industrial Transformation*. Princeton, New Jersey: Princeton University Press
- Harsch, E. (1993) "Accumulators and Democrats: Challenging State Corruption in Africa". *The Journal of Modern African Studies*, Vol. 31, No. 1, March.
- Johnson, C. (1982) *MITI and Japanese Miracle: The Growth of Industrial Policy, 1925–1975*. Stanford: Stanford University Press,
- Johnson, C. (1987) "Political Institutions and Economic Performance: The Government-Business Relationship in Japan, South Korea and Taiwan." In Deyo, F (1987) (ed) *The Political Economy of the New Asian Industrialism*. Ithaca & London: Cornell University Press
- Jomo, K. S (1996) *Lessons from Growth and Structural Change in the Second-tier South East Asian Newly Industrialized Countries*. Geneva: UNCTAD.
- Martinussen, J. (1997) *Society, State and Market: A Guide to Competing Theories of Development*. London and New Jersey: Zed Books Ltd.
- Mkandawire, T. (1999) "Crisis Management and the Making of Chiocess Democracies", in R. Joseph, ed., *State, Conflict and Democracy in Africa*. Colorado and London: Lynne Rienner Publishing, Inc.
- Mkandawire, T. and Soludo, C. C. (1999) *African Perspective on Structural Adjustment: Our Continent Our Future*. Asmara: African World Press, Inc.
- Mosley, P., Harrigan, J. and Toye, J. (1991) *Aid and Power: The World Bank and Policy-based Lending*. London and New York: Routedge, 1991.
- Okimoto, D. I. (1989) *Between MITI and the Market: Japanese Industrial Policy for High Technology*. Stanford: Stanford University Press
- Olukoshi, A. (1998) *The Elusive Prince of Denmark: Structural Adjustment and the Crisis of Governance in Africa*. Research Report no. 104. Uppsalla. Nordic African Institute.
- Pek K. H. (1997) "The New Economic Policy and the Chinese Community in Peninsular Malaysia". *The Development Economies*. XXXV-3. September.
- Pillay, P. (1999) "Policy Co-ordination in Government: The South African Experience, 1994–1999." Unpublished paper. Johannesburg.
- Pronk, J. P (1997) "Changing Relationships between State and Society and their implications for Development Policy." Public Lecture, Centre for Development Studies, University of Groningen, Netherlands. February 26.

Sandbrook, R. (1986) "The State and Economic Stagnation in Tropical Africa." *World Development*. Vol. 14, No. 3

Seddon, D. and Betto-Jones, T. (1995) "The Political Determinants of Economic Flexibility, with Special Reference to the East Asian NICs." In T. Killick, ed., *The Flexible Economy: Causes and Consequences of adaptability on national economies*. London and New York: Routledge.

UNDP (2001) *Human Development Report 2001: Making New Technologies Work for Human Development*. New York: Oxford University Press.

Wade, R. (1990) *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization*. Princeton, New Jersey: Princeton University Press

Weiss, L. (1998) *The Myth of the Powerless State: Governing the Economy in a Global Era*. Cambridge: Polity Press.

White, G., ed., (1988) *Developmental States in East Asia*. St. Martin's Press, New York.

Woo-Cumings, M. (1996) "The Ties that Bind? Autonomy, Embeddedness, and Industrial Development", in D.E. Davis (1996) *Political Power and Social Theory*. Vol. 10. JAI Press Ltd

World Bank (1996) *World Development Report: From Plan to Market*. Oxford: Oxford University

World Bank (1997) *World Development Report 1997: The State in a Changing World*. Oxford: Oxford University Press