

Pragmatic Neo-liberalism and Just Development in Africa

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To choose 'just development' as the issue for an essay on Africa may strike readers as a cruel joke. If just development is loosely defined as sustained growth with a degree of equity, resting on a foundation of political freedom, then few African countries have recently enjoyed any of these cherished states, let alone all three. Indeed, as the millenium dawned, many Africans would reasonably have aspired to much less than this lofty goal. Simple security, rather than 'just development', might have sufficed for those tormented by climatic disasters, famines, civil wars and bleak economic prospects.

Yet this chapter's focus is perhaps not as bizarre as it first appears. *Simple* security is actually not so simple: its attainment depends on many factors, including one or more of sustained growth, equity leading to reduced poverty, and political freedom. So a concern for human security returns us to the notion of just growth. Moreover, the currently dominant development doctrine in Sub-Saharan Africa – pragmatic neo-liberalism, in our terms – has staked its intellectual claim to dominance on its ability to deliver something akin to just development on the basis of a comprehensive and integrated strategy. It is important to subject this claim to critical scrutiny.

We are skeptical that pragmatic neo-liberalism can deliver on its bold vision. Although this development doctrine is more sophisticated than the purer neo-classical model it replaced, pragmatic neo-liberalism does not offer a reliable guide to development that is sustained, poverty-reducing, and democratic. In practice, this approach has achieved meagre results. Its proponents have attributed this poor performance to many factors: inept policies, poor or sporadic implementation, corruption, political instability, ethnic tensions, unanticipated shocks (droughts, insurrections, falling commodity prices), and difficult initial conditions, both physical and institutional. These impediments, which are mainly domestic in origin, are real. But Africa's tragedy is that onerous external as well as internal constraints operate - and they both require attention. Pragmatic neoliberalism, however, considers only domestic reforms within African countries. It counsels governments to adjust their policies and institutions to the imperatives of competitiveness within a supposedly inexorable global market economy, implicitly accepting the structures and inequalities of global capitalism as given. We argue, to the contrary, that globalization itself needs to be reformed, if poverty is to be reduced and other social goals are to be achieved. *Just development requires major changes in policies and institutions at the global as well as national level.*¹

To support this argument, we turn in the next section to explicate the pragmatic neo-liberal model. Section III then diagnoses the origins of the economic crisis that engulfed most African countries from the mid-1970s, forming the basis for an evaluation of the national-level reforms subsumed under the rubric of structural adjustment (Section IV) and the global-market assumptions (Section V) underpinning the dominant model. A brief conclusion draws the implications of the analysis for the attainment of just development in Africa.

The Pragmatic Neo-liberal Development Model

The World Bank, the most influential purveyor of development theory and strategy, has moved far from its austere and pure neo-liberalism of the 1980s to embrace a more pragmatic doctrine². Under pressure to justify its very existence, the Bank has progressively broadened its approach to development. The disappointing performance of structural adjustment in the 1980s in Latin America (see, e.g., Gwynne and Kay 2000) and Africa (see below) spurred mainstream development agencies and academics to innovate, mainly by absorbing popular concepts and challenges into a reinvented neo-liberalism. Of particular significance was UNICEF's telling critique in 1987 (*Adjustment with a Human Face*) and its extension by the United Nations Development Program (UNDP) in its annual *Human Development Report*, which first appeared in 1990. "Sustainable human development", as propounded by the UNDP and an array of non-governmental organizations, rejects an exclusive focus on the growth of GDP and a top-down, externally-driven strategy. These organizations argue that "the ultimate test of development practice is that it should improve the nature of people's lives, and advocate that it should be founded on participation and a more equal partnership between donors and developing countries" (Gore 2000, 795). In the 1990s, first the World Bank and later the IMF and World Trade Organization supplemented their neo-classical doctrine with a declared commitment to poverty-reduction, equity, enhanced participation, pluralism, human rights, and partnership.

Not accidentally, pragmatic neo-liberalism has much in common with the "Third Way", which now serves as a route map for major industrial countries within the new global economy. Both doctrines developed as a reaction to the limitations of the free-market fundamentalism of the Thatcher and Reagan era. The "Third Way", as advocated in particular by British Prime

Minister Tony Blair (Blair 1996) and former U.S. President Bill Clinton, urges a more forceful role for the state than that envisaged by old-style liberalism (North American neo-conservatism). But this forceful role is largely limited to supply-side activities, especially honing the capacity of citizens, firms, and the national economy as a whole, to compete within an inexorably advancing global market economy. This priority directs governmental attention to improving universal education and technical training, as well as technological research and development. Additionally, the state assumes responsibility for providing minimally adequate safety nets for those individuals who cannot market themselves effectively. The Third Way's focus is to create equality of opportunity and minimal support for the market's losers, rather than to promote equality of outcomes by regulating markets (see Westergaard 1999). That the Third Way parallels the dominant strategy for developing countries is hardly surprising, in light of the disproportionate influence of the U.S. and British governments on the World Bank, and the Bank's influence on development thinking.³

The pragmatic neo-liberal approach, culminating in World Bank President James Wolfensohn's Comprehensive Development Framework (Wolfensohn 1999), was extravagantly touted as a new paradigm for development. Yet the elements of this approach appeared as early as 1989 (see World Bank 1989, World Bank 1990, World Bank 1992, and World Bank 1997). This "paradigm" features a market-based strategy that is: *holistic* – it encompasses political and social, in addition to conventional macro-economic, dimensions; *synergistic* - these dimensions are complementary and mutually reinforcing; and *complex* - efficient market systems are deemed to require the supportive action of effective national states.

Figure 1 starkly portrays this model as a mutually reinforcing circle of development, based on the following assumptions.⁴ *Market-oriented reform* has always involved, as is well known, three fundamental economic priorities:

- a commitment to maintaining macroeconomic stability;
- deregulation and liberalization, including in particular the opening of the national economy to international trade and investment;
- privatization of land and state-owned enterprises.

These changes are fostered by funneling assistance to strong reformers by the international financial institutions, other multilateral lenders, and the donors. These reforms, together with *increased investments in primary education and health care and physical infrastructure*, should set the stage for growing *economic prosperity*. (A recent report by the World Bank and four Africa-based partners [World Bank 2000c, 15] estimates that Africa, to reduce poverty by half between 1999 and 2015, will require an annual average growth rate of at least seven percent.)

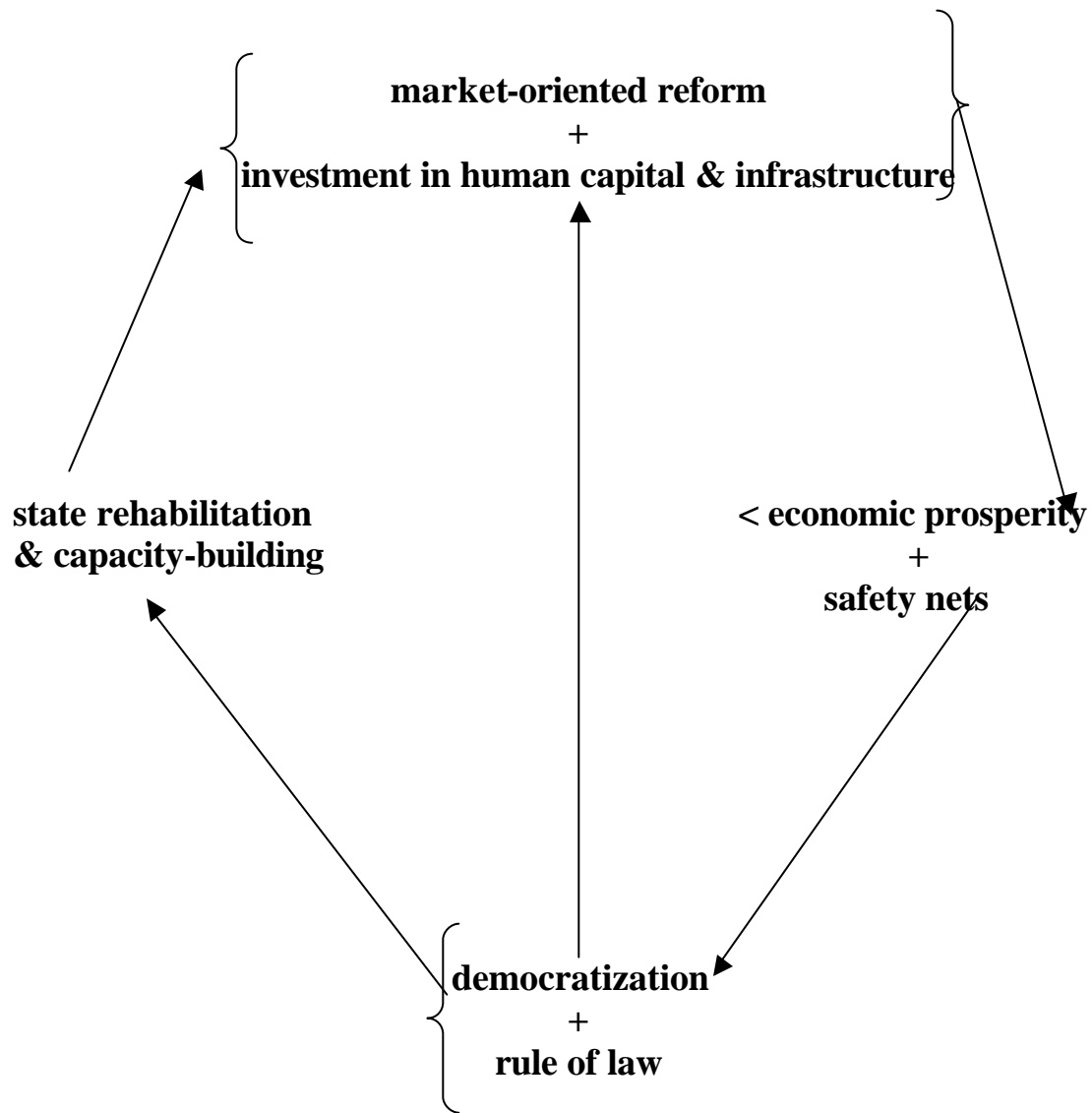
Of course, sustained growth will also require complementary social and political reforms. The prospect of economic betterment, combined with minimal *safety nets* to cater for those who lose out in market reform and the chronic poor, will provide a conducive environment for the consolidation of the parallel processes of *democratization* and the refurbishment of *the rule of law*. Donors will assist by funding safety nets, providing technical assistance to electoral commissions and judicial reform, and promoting the organization and effectiveness of civil society. Democratization, according to this thinking, will directly support market reform in various ways. Elections should not only sweep from power the corrupt elites who were deeply implicated in the rent-seeking arrangements that initially stifled market forces, but will also

enable the new governments to undertake reform programmes by augmenting their legitimacy. Electoral democracy will enhance the political commitment to reform by allowing actual and potential beneficiaries to mobilize behind a reforming party, it is hoped. (This expectation rests on the assumptions that winners will form a majority, and that policy-based economic interests will prevail.) Finally, hardy democratic and judicial institutions will permit the regime to manage the tensions and conflicts that liberated markets will set in train.

Democratization will, in addition, indirectly support a vibrant market economy by promoting *state rehabilitation*. An ineffective and corrupt state is unable and probably unwilling to promote a market system. By introducing democratic rules, however, the state itself may be reformed. Democracy should augment accountability, transparency in decision-making and informed debates over policy. It may enhance a government's and its citizens' sense of ownership of reform programs. Finally, political freedom and the rule of law should discourage corruption, arbitrary administration, and rent-seeking by political insiders. Accompanying this state reorientation is capacity-building programs. A leaner, more expert, disciplined and neutral public sector will enhance state capacity. The more effective a state, the more "market-friendly" tasks it should undertake. At a minimum, the state needs to provide the economic fundamentals – macroeconomic stability and basic services and infrastructure – the political fundamentals – the order and predictability that investors crave - and effective safety-nets. The more capable states will also construct a conducive regulatory framework for market activities, particularly by ensuring prudence and probity in the crucial financial sector. If all works according to plan, this "virtuous" circle generates, in time, a pattern of just development.

Figure 1

The Pragmatic Neo-liberal Development Strategy



In no region of the world is this development model more hegemonic than in Sub-Saharan Africa. This dominance derives from the unusual degree of influence that the World Bank, the International Monetary Fund, the bilateral donors, and other multilateral agencies

exercise over governments in this region. These governments, however, play a contradictory role. The technocrats in their economic ministries and central bank are often more supportive of neo-liberal programs than their political masters. Governments, though rhetorically committed to reform, often exhibit substantial backsliding in implementation, especially when reforms may undermine the regime's political support (by laying off public employees, for example). Yet, for all the international financial institutions' and aid agencies' rhetoric regarding the need for "local ownership" of reform programs, and governments assuming the "driver's seat" (Wolfensohn 1999), African governments have had little option but to acquiesce to market adjustment. "He who pays the piper calls the tune", as the old adage advises. Sub-Saharan countries have become heavily reliant upon foreign aid. The economic crisis of the 1970s and 1980s led to the drying up of commercial loans and foreign investment; governments were thereby forced into the arms of the IMF and World Bank. And the flow of aid depends upon an IMF "seal of approval" – and this approval has required a government's adherence to a standard adjustment program. Aid inflows to SSA rose from 3.4 per cent of GNP in 1980 to 16.3 per cent in 1995, according to the World Bank (see Mwandawire and Soludo 1999, 119). These official inflows typically funded basic government programs, together with all or most of a government's development expenditures. This dependence explains why African governments have virtually ceded the shaping of economic and some social policy to external agencies (Mkandawire and Soludo 1999, 119) – and why our focus on an externally-generated development ideology makes sense.

Because remedies depend upon a sound diagnosis, we must now briefly probe the historical roots of Africa's contemporary travails. This survey will provide us with a basis for assessing the efficacy of structural adjustment.

Origins of the Economic Crisis, 1960-1980

At independence, Africa's ruling elites confronted the dual challenge of promoting nation-state building and economic development. On the one hand, nation-state building entails nurturing popular acceptance of the territorial boundaries inherited from colonialism, including a common national identity and a symbiotic relationship between the subjects and the rulers within those boundaries. On the other hand, economic development engenders new patterns of resource allocation that alter the distribution of benefits among social classes and ethnocultural communities. Tensions between these two processes were inevitable (Hawthorn 1991, 25-29).

Consider the challenge of economic development as it appeared at independence. Africans inherited economies that were reliant on the production and export of primary resources.⁵ With the exception of a few mineral rich colonies (e.g., present-day Zambia and Democratic Republic of Congo) and settler colonies (such as Kenya and Zimbabwe) with large-scale agricultural sectors, these economies were dominated by rain-fed peasant agriculture. A few of the more prosperous colonies (e.g., Kenya, Nigeria, Ghana, Senegal, Democratic Republic of Congo, Zimbabwe) saw the beginnings of industrialization after the Second World War, but even in these instances the contribution of manufacturing to GDP was paltry. Colonial economic transformations thus failed to generate significant numbers of indigenous entrepreneurs who might have shaped postcolonial industrialization. The growth of such groups had been constrained by colonial policies favouring European businesses over African ones, and by colonial administrators' fears that African entrepreneurial success would disrupt political order by fomenting socio-economic divisions.⁶ Consequently, the modern economic sectors of banking, insurance, large-scale commerce and manufacturing were small and dominated by

foreign capital at independence. The limited development of human capital, which was low even in comparison with other recently decolonized regions, was a further constraint.

Nation-state building was the second principal challenge at independence. Africans inherited states without nations. To successor elites fell the task of moulding weakly integrated territories into coherent national political communities. Colonial states were born of conquest and negotiations among imperial powers, and thus involved the haphazard and often brutal amalgamation of diverse communities within artificial boundaries. Coercion rather than consent was the operative principle of rule over subject populations. Colonial administrations were averse to the emergence of national political institutions under the tutelage of emerging urban-based indigenous middle classes. They were also reluctant to elevate “natives” to high posts in central administrations, preferring to administer the largely rural populations through indirect rule (a system Mamdani evocatively labels “decentralized despotism”⁷). Hence, pre-existing or newly invented traditional leaders often served as the local anchors of colonial authority. Indirect rule permitted colonial powers to administer vast territories with small corps of European officials; the result, however, was a mode of governance that stimulated ethnic divisions and consciousness by parcelling Africans into “tribes” for administrative convenience. Ethnic identities were further reinforced by the regionally uneven impact of new economic opportunities (through the cultivation of cash crops, for example) and uneven regional access to western-style education. Hence, both uneven development and colonial administrative practices sharpened ethnic divisions. When competing indigenous elites vied to inherit control of the colonial states in the era of decolonization, they discovered that appeals to ethnic identities were a potent means of mobilizing support (See Berman 1998, 312-33, Boone 1994, 109-19 and Eyoh 1999 268-78).

Following independence, governments gravitated to a state-led and elite-managed development strategy. Indigenous intelligentsias regarded themselves as the natural heirs of colonial states, and the state as the main instrument of their control and socio-economic progress. This approach accorded closely with the tenets of post-war paradigms of development, whether socialist or capitalist. At a time when Keynesian theory held sway, state intervention to correct market imperfections, mobilize domestic savings, and guide the development of human capital and technological change was regarded as essential (Toye 1993). In addition, western-educated elites charged themselves with the task of promoting national integration and state-building in a top-down style. Students of comparative politics had, by the late 1960s, largely accepted these elites' rationale for authoritarian regimes in developing societies. An advocacy of "strong states", capable of guaranteeing political order, replaced the earlier hopes of democratic development (see Grendzier 1985; O'Brien 1979). Western powers, to defend their strategic interests in Cold-War struggles, were quite prepared to support friendly dictatorial governments, in Africa as elsewhere.

During the 1960s and early 1970s, state-led and top-down development proved moderately successful. Sub-Saharan economies in general achieved steady, if unspectacular, economic growth. As Table I reveals, this region's GDP per capita expanded at an annual rate of three per cent in this period. This aggregate statistic, of course, obscures annual and country variations in economic performance. Sub-Saharan Africa accounted for six of ten countries which experienced no growth (Senegal, Chad, Sudan, Madagascar, Niger and Somalia), whereas five African countries featured among the world's 20 fastest growing economies (Swaziland, Botswana, Cote d'Ivoire, Lesotho, Gabon and Togo, with Kenya ranked 21st) (Rodrik 1999, 68-

69). In addition, the degree of economic diversification varied among countries. Foreign investment in manufacturing was insignificant in all but a handful of countries (South Africa, Nigeria, Kenya, Cote d'Ivoire). Economic nationalism spurred governments throughout the region to invest directly in production through state-owned corporations, and/or subsidize and protect favoured indigenous producers.⁸

Table 1

Africa: Basic Economic Macroeconomic Indicators, 1965-96 (% increase per annum)

| | 1965-73 | 1974-9 | 1980-85 | 1986-90 | 1991-95 | 1996 |
|-----------------|---------|--------|---------|---------|---------|------|
| Population | 2.7 | 2.9 | 3.0 | 3.0 | 3.0 | 3.0 |
| GDP Growth | 5.7 | 3.5 | 2.1 | 2.8 | 1.7 | 4.8 |
| GDP p.c. Growth | 3.0 | 0.7 | -0.8 | -0.1 | -1.2 | 2.0 |
| Agriculture | 2.7 | 3.0 | 1.9 | 4.0 | 1.9 | 6.9 |
| Manufacturing | 7.3 | 6.7 | 3.6 | 3.4 | 0.5 | 3.2 |
| Export Growth | 8.2 | 2.6 | 1.0 | 6.2 | 6.1 | 7.1 |
| Import Growth | 7.4 | 6.2 | 2.5 | 6.8 | 6.1 | 7.1 |

Source: Mkandawire and Soludo (1999, 7) and Mlambo and Oshikoya (1999, 29)

The first two decades of independence also witnessed significant investments in infrastructure and social services, especially education. Although Africa continued to lag behind other developing regions, primary and post-secondary education expanded at an impressive rate.

Between 1965 and 1985, primary-school enrolments rose from 41 per cent of the eligible population to 68 per cent, while enrolments in post-secondary institutions increased at a similar pace (Mkandawire and Soludo 1999, 16). Tertiary education also grew steadily, though with low enrolments in the natural sciences and science-based professions such as engineering and medicine (Brautigam 1996, 92-93).

The top-down, statist approach served political as well as economic ends. Nation-state building strategies often degenerated into desperate attempts on the part of governing elites to centralize and consolidate their political power. At independence, attention shifted from a common struggle to end colonial rule to competition within the elite for control of the successor states. In the ensuing power struggle, elites tried to mobilize ethnoregional constituencies. This pattern of political competition was fostered, if not predetermined, by prevailing socio-economic structures. Not only did the limited class differentiation discourage politicians from relying on workers or other classes for support, but the grouping of the preponderantly rural populations in ethnically demarcated constituencies encouraged ethnic appeals. Opposition to the incumbent government, therefore, usually assumed the form of communally-based challenges. In response, new regimes expanded and personalized state power, co-opted rivals, and often violently repressed both dissenters and nascent civil societies. Patron-client networks, sutured by ties of kinship and community, emerged as the political foundation of state-society relations.

State-led economic development, coupled with this neo-patrimonial strategy of regime/state consolidation, spawned social differentiation and regional inequality. By the mid-1970s, income inequality in this region ranked second only to Latin America⁹. The vast income gap between upper and lower-level public-sector employees, and between employees in the

modern sector and non-waged urban and rural groups, accounted in part for this inequality (Nafziger 1984, 21-34). In addition, the small private sector grew wealthy because of its access to state-controlled resources. Senior civil servants filled the ranks of the post-colonial entrepreneurial elite in countries such as Cote d'Ivoire (Rapley 1993), Nigeria (Forrest 1994), and Kenya (Himbara 1994), which welcomed the growth of indigenous private enterprise. The economic gulf between the rural and urban people was widened by the excessive taxation of agricultural producers, and the urban bias of public and private investment. Women, especially rural women, composed the majority of the poor because of discriminatory cultural attitudes, including unequal access to education. Finally, historical regional inequalities persisted because post-colonial regimes failed to transform colonial economic structures. These spatial inequalities, which often coincided with ethnic boundaries, reinforced inter-ethnic tensions.

During the "Golden Years" of capitalism (1950 –1975), the rapidly expanding global economy and the concomitant strong demand for primary commodities, stimulated modest economic success. However, even then, several factors impeded substantial economic progress. Since African economies were dependent on rain-fed peasant production, they remained vulnerable to external shocks such as negative climatic changes and lower international commodity prices. Dependence on external forces was further exacerbated by import-substitution industrialization (ISI), the viability of which ultimately depended on primary resource exports to finance the needed imports of machinery, inputs and management. Manufacturing was also limited by small domestic markets for consumer goods and weak linkages to other sectors. Restrictions on the quantity of imports and over-valued currencies, as well as other measures intended to protect infant industries, created inefficiency. While ISI made

sense as an initial stage, no policies encouraged shifts to export-oriented manufacturing and the development of domestic technological capabilities. Agriculture also suffered reversals. Agricultural growth by the mid-1970s tumbled below the rate of population growth, owing to high levels of taxation on farmers and the paucity of public investments to improve the productivity of smallholders.

After 1975, most economies declined. In the second half of the 1970s, GDP per capita growth fell to less than one per cent annually. And the 'lost decade' (1980s), witnessed Africa's GDP per capita decline annually by rates of up to one per cent, with the notable exceptions of Botswana, Lesotho and Mauritius. This growth rate was well below the average of other developing regions. In the early 1990s, the negative growth trend worsened; per capita GDP declined by an annual average of 1.8 per cent while the growth differential between this region and other developing regions widened to 6.2 per cent (Collier and Gunning cited in Mkandawire and Soludo 1999, 7). Economic collapse magnified Africa's marginality in the global economy. Between 1975 and 1990, the region's share of agricultural and food exports as a percentage of developing country exports, and its share of manufactured goods, machines and equipment exports as a proportion of developing-country exports – plummeted from 21 per cent to approximately eight per cent, and from 7.8 per cent to 1.1 per cent respectively (Sahn, Dorosh and Younger 1997, 3-6). This downward economic trend affected self-proclaimed socialist states (Congo-Brazzaville, Madagascar, Tanzania etc.), as well as capitalist-oriented states such as Kenya and Cote d'Ivoire, countries which were then regarded as African exemplars of 'developmental states'.

The causes of this economic crisis were several. Despite disagreement on the weight to be attributed to domestic and external factors, analysts agree that exogenous shocks played a significant role. These factors included severe droughts (in 1973, the early 1980s, and again in the 1990s), coupled with negative international economic circumstances such as hikes in oil prices (1973 and 1979), the global recession of the late 1970s and the ensuing decline in demand for primary commodities, and rising interest rates. African governments' inability or unwillingness to implement countervailing policies exaggerated the negative effects of these external shocks. For example, faced with declining export earnings and rising international interest rates, most countries increased external borrowing to finance both rising oil bills and food imports. Indeed, the few countries such as Botswana, Lesotho and Mauritius that maintained a high growth path appeared to have succeeded because they implemented measures that ensured a quick return to macroeconomic stability (Rodrik 1999, 105-107).

In addition, the weaknesses of African states contributed to economic decline. That politics is a prime domestic factor in the origins of economic crisis is widely accepted. Political shortcomings, which stemmed from institutional weaknesses inherited from colonial rule, were reinforced by the mode of neo-patrimonial regime consolidation. Effective developmental states were, and remain, rare in Africa, because they demand an unusual combination of features: a professional and autonomous bureaucratic administration; a social embeddedness of political leaders and bureaucrats who exercise considerable discretion; and a singular commitment to national development on the part of governments, bureaucrats, and the populace (Evans 1992). Not surprisingly, few states achieved these exacting requirements.

State deficiencies were manifested in numerous ways, ranging from inefficiency and instability to corruption. As bureaucracies ballooned to cater to expanding state functions, they were rapidly Africanized; inexperienced personnel in managerial positions undermined administrative efficiency. But even more damaging to the developmental capacity of states was the personalization of power and the use of state institutions as the main means of social regulation. Political loyalty to ruling elites, not merit, became the criterion for advancement. Erasing the divide between politics and public administration permitted short-term political expedience to shape public policy. Organized interest groups, which could have anchored national development strategies, failed to gain influence. Relations between political and business elites, for example, were characterized by ambivalence: political elites were wary that business elites might use 'private' wealth to undermine their power; business elites' dependence on states rendered their economic interests vulnerable to political caprice. Safeguarding one's business interests turned on one's maintaining good personal relations with incumbent regimes or having the 'right' persons in control of the state.¹⁰ Lastly, regimes were prone to instability, which in turn discouraged investment and lowered the rate of growth. Governmental legitimacy was always tenuous, given their composition – multi-ethnic coalitions of elites cemented by patron-client networks (see e.g Berman 1998, 332-41; Chabal 1992, 136-42; Eyoh 1999, 283-94). As patronage played a central role in the acquisition and maintenance of power and goods, regimes alienated groups that were excluded from the spoils.

Economic and political crises thus reinforced each other. Lacking the resources to finance neo-patrimonial networks, ruling elites intensified repression to maintain their grip on power. The resulting attenuation of these regimes' limited social accountability kindled a growing

hostility to authoritarianism among mainly urban groups; they blamed economic hardships on the ruling elites' abuse of power. The end of the 1980s and early 1990s saw this hostility culminate in the rise of urban-based pro-democracy movements.

Era of Economic and Political Adjustment, 1981-2000

Led by the IMF and the World Bank, the Western powers' response to Africa's crisis has taken the form of structural adjustment programs. These programs initially required fiscal and monetary policies to reduce inflation and budget deficits, wide-ranging market-oriented reforms, and an opening of economies to foreign trade and investment. Their scope, however, has continually broadened since adjustment's inception in 1981 - to embrace measures to rehabilitate infrastructure, privatize state-owned corporations, alleviate poverty ("social dimensions of adjustment"), foster human capital, restructure financial institutions, enhance state capacity, and improve governance and the rule of law. Consequently, the time horizon for successful adjustment has steadily lengthened.

One legacy of this lengthy crisis is an acceptance on the part of Africa's policy makers and intellectuals of the need for new approaches to development. Economic nationalist ideology no longer appeals. African intellectual opinion is now aligned with the new neo-liberal ideology, at least to the extent of rejecting heavily state-led development, loose monetary and fiscal policy and arbitrary governance, and acknowledging the indispensability of macro-economic stability and market mechanisms.¹¹ But this agreement has not dampened criticisms of the effectiveness of Western-sponsored adjustment policies and political reform since the early 1980s.

According to the predominant assessment, structural adjustment programs have enjoyed only limited success or have failed outright, especially in light of the extraordinary level of

external financial support.¹² Stabilization measures certainly slowed the downward economic spiral from the mid-1980s through the mid-1990s. Although adjustment measures have contributed to the restoration of a modicum of macroeconomic stability, their impact has been uneven across countries, time and sectors. Reforms have been most effective in the liberalization of prices and foreign exchange regimes; progress in fiscal adjustment and institutional reforms – especially the privatization of state enterprises – has been limited.

In the mid-1990s, Sub-Saharan economies at last grew modestly, posting an average two per cent increase in per capita GDP (see Table 1). However, the long-term sustainability of macroeconomic growth and stability is not guaranteed, predicated as they are on levels of aid that shrank after 1995. This resumption of growth (at least until the 1997-98 East Asian economic collapse) has failed to reverse the widening performance gap between this region and other developing regions. A common justification for liberalization was the need to create an economic environment that would attract foreign investors. But a foreign investment boom has not occurred, despite the apparent lure of higher rates of return on investments.¹³ Structural adjustment programs have also done little to improve the weak production structures, high external dependency, and institutional weaknesses that are at the root of African economies' slow growth. As well, the negative social and economic impact of adjustment reforms has impeded nation-state building because central governments cannot deliver essential social services and hope of progress to the people.

Poverty rates have not improved much. Even the most optimistic analysts are hard pressed to deny that reforms have done little to improve the precarious welfare of most people. Sahn and associates (Sahn et al 1996), for example, report that these policies have had a neutral

effect on, or led to a slight (one per cent) increase in, the incomes of rural producers, those who comprise the most vulnerable population segment. In the cities, the picture is even bleaker, as poverty has intensified and the middle class is forced into the expanding ranks of the near-poor. The factors contributing to this process include: job losses from the closure or privatization of state enterprises; the contraction of state budgets; and the rising cost of living due to currency devaluations, the removal of subsidies on social services, and the elimination of price controls. Poverty is, of course, created by factors other than national policy: natural resource endowments, inequalities in assets among social groups, shifts in international prices, political instability and civil strife. The precise contribution of structural adjustment policies to the suffering of the African people is, therefore, not easy to ascertain

State rehabilitation has also not proceeded far. State capacity-building measures are intended to enhance a state's institutional capability to design and implement policy. Yet state capacity, like the related and equally nebulous concept of governance, is multi-dimensional, the outcome of a long-term historical process.¹⁴ Under structural adjustment, bureaucracies' limited technical capabilities have been addressed through administrative reforms (concerning the selection, promotion and remuneration of employees) and training. The negligible success is understandable, in light of the extensive problems plaguing African states. For example, socioeconomic conditions since the 1970s devastated the public employees' morale and productivity. The tightening of state budgets, coupled with other components of adjustment programs, diminished the purchasing power of civil servants. In response, many of them have redirected their energies to alternative sources of income, including corruption. The most skilled and experienced among them continue to desert the civil service for lucrative opportunities in

consultancy, the expanding NGO sector, and foreign countries. The vast gulf in salaries and perquisites between local bureaucrats and the burgeoning number of foreign technical advisors, together with the exclusion of the former from policy-making, fuel the demoralization of public-sector employees (see e.g Brautigam 1996, 86-88 and Mkandawire and Soludo 1999, 76-77).

The late 1980s and early 1990s witnessed the mushrooming of pro-democracy movements across Africa, a sudden and largely unanticipated development. This process has been shaped by a confluence of domestic and international forces. At the domestic level, pro-democracy movements were fostered by economic decline and the subsequent weakening of neo-patrimonial systems. At the international level, a new global order that not only is hostile to dictatorial rule, but also regards democracy as an integral precursor to development, was spawned by various factors. These included the implosion of the Soviet Union and Eastern European Communist regimes, and the rise of anti-authoritarian movements across the developing world. The post-cold war erosion of Sub-Saharan Africa's former geo-strategic importance permitted Western powers to spurn friendly dictators. The World Bank and the donors have, therefore, felt free to stipulate political reform as another condition of aid, or at least to abandon their support for repressive client regimes.

Donors assisted in the construction of democracy in several ways. The dominant development model adopts a limited, procedural conception of democracy. It is a system of rule in which periodic multiparty elections are the mechanism for the selection of political leaders and in which the respect of certain basic rights prevails. Hence, since 1990, the Western governments and international development institutions have promoted democracy by aiding multiparty elections, the buttressing of the rule of law, and the strengthening of civil society

through the funding of non-governmental organizations. Support for NGOs as the bastion of civil society is cast in the rhetoric of empowerment. These associations will, it is hoped, circumvent the degraded state apparatus to deliver social services and development directly to deserving clients; as well, they will fortify the organizational infrastructure of democratic participation and accountability.

Democratic experiments have varied in their timing and depth, reflecting different historical traditions and objective conditions. Democratic consolidation, if it occurs, is inevitably a lengthy and tumultuous process. Democracy, as Richard Sklar (1987 and 1996) reminds us, does not emerge in pure form; democratic values, institutions, and practices evolve discontinuously, with progress in some spheres not matched by progress in others. Nonetheless, the euphoria that greeted the rebirth of multiparty elections had largely dissipated by the end of the 1990s. While multiparty electoral competitions have redefined the context of elite competition for power, successive cycles of elections in the 1990s have not altered inequalities of power, whether structured by class, gender, region or ethnicity. These elections have, moreover, confirmed the resilience of neo-patrimonial networks as the institutional foundation of political power (Bratton and van de Walle 1997; Sandbrook 2000, chap. 2).

Western governments and international development institutions both facilitate and impede democratization. By the early 1980s, most African states were bankrupt or close to it. They have been propped up by infusions of aid that long ago ceased to be considered a discretionary item in state budgets. Indeed, aid in the 1980s and 1990s accounted for virtually all investments in infrastructure and social services in many Sub-Saharan countries. In return, Western governments and international development agencies have demanded economic and

political reform. In most cases, political elites have bent to some restraints on their power. However, they have also used the aid to refurbish patronage networks, resisting popular demands for more substantive changes in the distribution of political power. Heightened aid dependency thus serves to reinforce the historical lack of accountability of African governments.¹⁵ Minor democratic concessions more often reflect the need to comply with the new requirements of the international aid regime than the desire to appease the citizens, whose actual contribution to state coffers is often low.

Post-colonial regimes have depended on patron-client networks to maintain power. Differences in ideologies and policies have mattered less in shaping political loyalties than the distribution of material rewards, often to individuals and groups bound by ties of kinship and community. The ability of leaders to represent these constituencies effectively is the main criterion for the public's evaluation of their political representatives. For many analysts, the much touted resurgence of civil society and the aid-driven proliferation of NGOs, was the fountain of hope for democratic transitions in Africa. But civil associations have been inconsequential in political life. Like opposition parties, they have failed to offer visions of alternative futures (see e.g. Widner 1997, 65-81; Sandbrook and Oelbaum 1997).¹⁶ Infatuated with power, opposition leaders succumb to factional rivalries and co-optation by government. This self-serving behaviour, together with the opposition's failure to follow through with populist promises on the rare occasions that they displace incumbent regimes, have soured popular enthusiasm for opposition politics.

However, it is the resurgence of ethnoregional conflict that most threatens national cohesion and the prospects for democratic development. Of special significance are two

overarching and related factors: the elite's predisposition to political manipulation of cultural differences, and the endurance of "kinship . . . as the most significant local principle of social organization" in African society.¹⁷ Accustomed to ruling without popular mandate, elites are compelled by multiparty politics to seek the support of ordinary citizens. Appeals to kinship and communal solidarity become the quickest path to success. The freer political environment exposes politicians to the long-repressed grievances of those who had lost out in the post-independence distribution of the spoils. Although many of these grievances are legitimate, they provide fertile soil for ambitious political leaders. Also, citizens had retreated into kinship and ethnic networks to cope with economic adversity and escape state-sanctioned violence that followed the collapse of post-independence nation-state building projects.¹⁸ In sum, ordinary people see the effective political representative as someone who can access state resources for individual and community benefit.

The outcome of these attitudes and behaviours is a fraying of state authority and accountability, and the weakness of a sense of national purpose. A sense of kinship is central to African conceptions of selfhood. Identification with ethnocultural communities is often more highly valued by people than the abstractions of national citizenship.

The consolidation of democratic and effective states therefore poses, as necessary conditions, two long-term challenges. One is the forging of multi-ethnic approaches to nation-building that separate the sense of *citizenship* from *nationality*. The other task, no less important, is to nurture institutional arrangements that balance the expression of local communities' political values and traditions, on the one hand, against the universal political and civil rights of individual citizens, on the other. Needless to say, in countries where neopatrimonial governance

prevails, shifting the rules of political engagement in these directions will require nothing less than the concerted action of enlightened leadership and patriotic civil associations over many years. To substitute a virtuous circle of political development and economic growth for the existing vicious circle demands a herculean effort.

Adjustment has focussed on the reform of national economic and political processes. Many of these reforms, though attainable only in the longer term, make good sense in light of the prevailing conditions. Globalization, however, poses a further set of challenges; this process, too, needs adjustment to create a propitious external environment for just development, in Africa as elsewhere.

Adjusting Globalization

According to pragmatic neo-liberals, globalization is not only an irreversible outcome of technological progress, but also an impetus to improved economic performance. Opening up economies will augment developing countries' growth, it is argued, which in turn will reduce poverty and improve living standards¹⁹. In the words of the associate director of the IMF's Africa Department:

Globalization is proceeding inexorably and Sub-Saharan Africa must decide how to live in a more complex and more competitive world. . . . Africa has little to lose from globalization . . . and much to gain, provided it is accompanied by policy changes in several areas (Hernández-Catá 1999, 11).

This assertion is dubious on both counts. The first doubtful proposition concerns the benefits that the prevailing form of globalization - *neo-liberal* globalization²⁰ - allegedly offers Africa, after one or two decades of progressive trade, investment, and capital-account

liberalization. Ironically, one reason for skepticism stems from a book sub-titled *Making Openness Work*, the analysis of Harvard economist, Dani Rodrik (1999). Rodrik contends that Africans, like everyone else, can benefit from opening up their economies. Even “export pessimism” is unwarranted, he claims; not even the region’s weak infrastructure, unfortunate geographical features, or reliance on a limited number of primary products will hold Africa back if its governments correct policy errors (overvalued currencies, high trade restrictions etc.) and maintain the policy and institutional “fundamentals” (Rodrik 1999, 104-5). Yet the terms of Rodrik’s argument actually lead to a more pessimistic conclusion than that which he offers. Essentially, he argues that openness offers potential benefits to all participants – imports of technology, capital goods, foreign savings, ideas, and institutions – but that their achievement requires governments to adopt a set of complementary policy and institutional reforms. These reforms are crucial, he states, because openness also introduces heavy potential costs: growing social inequalities, the marginalization of some groups, and local turbulence and insecurity occasioned by external shocks. To control these destabilizing side-effects and thereby reap the benefits of globalization, governments must scrupulously construct macroeconomic stability, attractive investment conditions, and “sound” institutions of conflict management. The last institutional condition - essentially complex democratic and judicial systems and safety nets - is needed to channel peacefully the strains and conflicts inevitably generated by global markets.

Thus, African countries will benefit from neo-liberal globalization only if they possess what most of them manifestly lack – sound institutions. Rodrik’s case suffers from an overly voluntaristic cast: if sound institutions are needed, then governments must provide them. But institutions cannot simply be willed into existence; they are generally the outcome of lengthy

struggles. It is significant that all of Rodrik's African "success" cases are micro-states – Mauritius, Botswana, Lesotho, Swaziland, Seychelles – where conflicts can be managed and accommodations made through face-to-face interactions. But virtually all of Africa's large countries, excluding South Africa, are convulsed by disorder and instability. This pattern is not accidental; it reflects the greater challenges of nation-state building in large, heterogeneous countries.

To premise the benefits of globalization on strong institutions is implicitly to accept that populations lacking such institutions will derive few advantages from it, at least in the decades required for them to forge such institutions. But why must societies and governments do all the adjusting to global economic forces? Simply allowing global markets to determine the allocation of resources is unlikely to solve Africa's problems. Why should not market forces themselves be adjusted, via international treaties, to better suit the needs of people throughout the world, including Africans in particular? Unregulated global markets should not be treated as a given. Since they produce such negative tendencies as growing inequalities, increased insecurity and turbulence, globally negotiated rules should limit these pernicious trends. This project may be labelled a "social-democratic" globalization.²¹

Certainly, the deepening integration of Africa's economies into the global market system since the early 1980s has not yet promoted much development. Africa, with some exceptions, has accrued very few benefits from global integration, and its economic prospects remain bleak. The gap in per capita incomes between the richest countries with fifth of the world's population and the poorest countries with an equal population share (including most of Sub-Saharan Africa) has yawned wider - from 30 to 1 in 1960 to 60 to 1 in 1990, and to 74 to 1 in 1999 – and is still

widening (Jolly 1999, 5). In Sub-Saharan Africa, the number of people living on less than US\$1 a day grew by almost 50 million between 1990 and 1998, with the poor population constituting just under half of the region's population in 1998 (World Bank 2000b).

Benefits, such as they are, have come largely in the form of aid and the promise of debt relief. Foreign aid might act as a mechanism to offset the growing inequalities on a North-South basis and to assist marginalized groups. Africa has received ample aid, though experts question its effectiveness.²² Official Development Assistance in 1997 represented 12.4 per cent of Sub-Saharan Africa's GNP, whereas it represented only 1.1 per cent for all low and middle income countries combined (*The Economist* 13 March 1999). Many countries were heavily dependent on aid – for instance, aid accounted for 37 per cent of GDP in Mozambique, and 13 per cent in Uganda and Tanzania. Sub-Saharan governments have had to rely on official sources of credit because private banks have been unwilling to lend to countries with threatening debt overhangs, bleak economic prospects, and unstable governments.

Aid, however, has declined, as have development grants from non-governmental organizations. Total aid to all recipients, which peaked at US\$59.6 billion in 1994, stood at US\$49.7 billion in 1998 (OECD 1999). The United States registered the sharpest reduction in 1996-97 – 28 percent – which reduced its contribution to only 0.09 percent of its GNP. Japan, the largest donor, announced a cut of ten percent in 1998, though some of the funds were later restored. Only the Scandinavian countries and the Netherlands continued to devote at least 0.7 percent of their GNP to aid transfers. Aid to Sub-Saharan Africa remained constant at about US\$17.3 billion between 1990 and 1995, but then declined sharply – by almost US\$4 billion over two years (World Bank 1999b, Table 12-1). Not only are Western governments unlikely to

restore earlier aid levels, but a growing share of existing aid is devoted to handling burgeoning emergency relief efforts in Central America, Eastern Europe and Asia, as well as Africa.

Debt relief is a necessary condition for economic recovery in Africa.²³ By the 1990s, many Sub-Saharan countries were insolvent, in the sense that they were unable to service their debts. Therefore, external debts were periodically rolled over, thereby compounding the long-term problem by expanding the capital owed. Thirty-three sub-Saharan countries were classified as Highly Indebted Poor Countries in 1998; these countries struggled to service their debts by curtailing expenditures in infrastructure, health, education, and other key services. High debt burdens also discouraged private investors.

In 1996 the donors agreed on a debt-relief scheme, but this plan delivered limited benefits to few beneficiaries. Highly indebted countries required six years of consistent market reform to qualify, and even then received only enough relief to reduce their external debts to twice their export earnings. Only Uganda and Bolivia had benefited somewhat from the scheme by 1998. Massive demonstrations organized by a coalition of civil associations (Jubilee 2000) at the G7 summit of industrial countries²⁴ in Birmingham in 1998 and the G8 Finance Ministers meeting in 1999 pressed for more substantial debt relief as a key to recovery in the poorest countries. This protest apparently succeeded: in June 1999, the G8 agreed to a debt relief package said to be worth \$US50 billion. Countries eligible for debt relief expanded from 29 to 36, most of them in Africa; and the qualifying time for debt relief was reduced to three years (*Guardian Weekly* June 20, 1999).

Jubilee 2000 supporters, however, argued that the new deal was only a slight improvement. Almost half of the advertised \$US50 billion cost of the initiative involved writing

off irretrievable debts. And those who received aid under the agreement would still be expected to devote as much as a fifth of government revenue to debt service. Debt relief, in any case, has been slow to materialize. The 1999 initiative stalled in early 2000, owing to Japanese indifference, the US Congress' refusal of President Clinton's request for full funding of the US share of the HIPC Trust Fund, and the European Union's unwillingness to release its major contribution until the United States complied.

In light of Africa's continuing debt burden and declining aid, virtually all commentaries agree that foreign trade must be Africa's main engine of growth (see, e.g., Sharer 1999). Export-led development, however, has not fulfilled its promise. Sub-Saharan Africa's share of world trade has steadily declined over 40 years – from 3.1 per cent of world merchandise exports in 1955 to just 1.2 per cent in 1990 (Yeats *et al.* 1996, 38). By 1997, the entire continent of Africa accounted for a lesser share of the world's exports than Belgium (2.3 per cent against 3 per cent) (World Trade Organization 1999). And in 1998, Africa's exports fell by 15 per cent over the previous year, as a result of the East Asian financial collapse. Africa's weak export position will probably continue because the region's comparative advantage, owing to its relatively abundant natural resources and its scarcity of skilled workers, lies in agricultural and mineral production and related unskilled activities (Helleiner 1997, 69).

The long-term market prospects for Africa's traditional primary exports are bleak, however. According to the World Bank's projections, real non-oil commodity prices will fall by an average 2 per cent per year in 1995-2005. Tropical beverages, which contribute more than a third of total exports in 10 African countries, will see price declines of 5 to 6 percent per annum. World Bank data suggest that these projections were on target: the unit value of Sub-Saharan

exports had fallen by 1998 to 86 from an index of 100 in 1995 (World Bank, 1999b). Further, commodity exports lack dynamism because “unskilled labour-intensive activities can be a technological ‘dead-end’, uncondusive to the productivity enhancement and indigenous learning upon which development is now generally believed to depend” (Helleiner 1997, 69).

Global trade rules have recently created further impediments to African development (see Mshomba 2000). The Uruguay Round of GATT and the WTO have not favoured African interests. Trade rules have limited the preferences that the region has enjoyed under the European Union’s Lomé Convention and the Generalized System of Preferences, and barred significant protection of infant industries. Also, the North, and the European Union in particular, have been allowed to prolong high tariffs on textiles and agricultural imports that compete with local production – as well as cascading tariffs that rise the higher the value added to imports²⁵. In March 2000, the WTO, the IMF and the World Bank proposed the removal of tariffs on exports from the world’s 48 least developed countries; this initiative, however, was blocked by the Clinton Administration, which feared endangering US producers of textiles, clothing, shoes and agricultural products (*New York Times* 9 April 2000). How then will an export orientation spur sustained growth in Africa? Considering the limited development of non-traditional exports during 15 years of adjustment (Helleiner 1997, 67-8), one cannot be sanguine that Africa will reap gains from international trade, even in the longer term.

Sub-Saharan Africa also did not experience a major increase in foreign investment until the mid-1990s, despite the fact that many governments had undertaken policy and institutional reforms in the 1980s to attract investment.²⁶ Foreign direct investment, which fell to an abysmal one percent of the developing countries’ share in the 1980s (“Recent Trends in FDI for the

Developing World” 1992, 51), stagnated in the early 1990s. At its high point in 1997, foreign direct investment had risen six-fold (to US\$5.2 billion) from its 1990 level, while gross portfolio investment had grown from an outflow of US\$31 million in 1990 to a respectable US\$1.2 billion inflow in 1997 (World Bank 1999c). The following year, however, panicked investors withdrew their funds from all emerging markets in the wake of the East Asian and Russian financial crises. New investments, moreover, have flowed largely to South Africa and Nigeria, and mainly into the mining and petroleum sectors. Despite periodic panics, foreign investors perceive superior opportunities in East Asia, Central Europe and, Latin America. Investors still regard Africa as a risky place in which to do business. The thinness of capital markets in Sub-Saharan countries, together with capital-account liberalization, suggest that portfolio investments in Africa will be as volatile and disruptive as in other developing regions.

How can one claim that Africa has “little to lose, and much to gain” from this pattern of globalization? Neo-liberal globalization is unlikely to generate sustained growth in that region. As billionaire Ted Turner notes: “[e]ven as communications, transportation and technology are driving global economic expansion headway on, poverty is not keeping pace. It is as if globalization is in fast forward, and the world’s ability to react to it is in slow motion” (UNDP *Human Development Report 1999*).

But if it is true that “globalization is proceeding inexorably” (Hernandez-Catá 1999), then those who suffer high costs and few advantages from the global economy have no alternative but to adjust to its harsh imperatives. This second neo-liberal claim also appears dubious. There are two contending perspectives on globalization.²⁷ One is the technological-determinist perspective that globalization is driven by unstoppable forces of technology – information-processing,

satellite communications, fibre optics, digitalization, rapid transport, and the internet. The other viewpoint sees *neo-liberal* globalization as a societal choice that technological developments have facilitated, though not determined. We follow this view that the new global economy, far from being an inexorable outcome of technological change, has been *constructed*, largely by means of negotiated inter-governmental agreements. Therefore, in principle, it can be reconstructed to better suit human needs, in Africa and throughout the world. Although space does not permit us to establish this position, our argument must reject the claim that there are no alternatives to the prevailing global order.²⁸

African countries and their global allies *do*, in principle, have options other than adjusting their economies and societies to the exigencies of competition within a global free-market economy. The options are not the neat dichotomy of globalization or protectionism, as they are often portrayed. Rather, the choice is that of neo-liberal globalization or a more regulated form of global integration - *social-democratic* globalization. This pattern involves reconstructing the rules of global economic exchange to minimize the destructive side-effects of unregulated markets: to reduce the massive international and intra-national inequalities, to tame the turbulence and insecurity created by footloose capital, to halt the competitive devaluation of national environmental standards, and to protect basic labour standards. Since the most powerful states are aligned with neo-liberal policies, this alternative will depend on the forcefulness of a transnationally organized protest movement.

Such a movement has in fact gathered momentum since the early 1990s through a variety of effective campaigns: the “50 Years is Enough” campaign directed at the Bretton Woods Institutions in the mid-1990s, the coalition against the Multilateral Agreement on Investment

(1998), Jubilee 2000's program on debt relief for the Highly Indebted Poor Countries (1998-2000), the protests in 1999 and 2000 against the WTO, the World Bank and IMF, and the Asian Development Bank, and the various environmental and health actions, especially those directed against genetically modified food. Although this diverse group of organizations and protesters do not adhere to a unified agenda, they share a common antipathy to the sway of untrammelled global market forces. This protest is likely to gain momentum in the context of a global economic 'bust' or environmental calamity. Faced with xenophobic-protectionist demands, the regulatory-market approach of a social-democratic globalization may appeal even to the avid free-traders of the U.S. Congress.

Conclusions

Although the rhetoric of pragmatic neo-liberalism is “people-friendly”, it retains its “fierce” neo-classical core.²⁹ Since 1990, the World Bank and the IMF have adopted a broader and gentler approach. It reflects the meagre success of their development doctrine in the first decade of adjustment. Faced with growing criticisms from both the right and the left, including proposals to downsize or abolish both agencies, the Bretton Woods institutions repositioned themselves. The World Bank reinvented itself as a champion of the world's poor in the early 1990s, and the IMF followed suit after its bungling of the East Asian financial crisis in 1997-98. The latter's Enhanced Structural Adjustment Facility, for instance, was reborn as the Poverty Reduction and Growth Facility in early 2000. Both organizations undertook to build partnerships with recipient governments, opinion leaders and NGOs, enhance participation in the design of adjustment programs, augment human capital, and address problems of governance, corruption and human rights. But the dominant doctrine, though kinder, gentler, and more complex, did not

abandon the core principles of the earlier Washington Consensus.³⁰ This Consensus assumes that the greater good is served by adjusting firms, governments, employees, farmers, and citizens in general to the exigencies of competition within increasingly deregulated and global markets. The pragmatic extensions of neo-liberalism, therefore, supplemented this core notion: they presented neo-liberalism with a human face.

But will pragmatic neo-liberalism prove people-friendly? Neo-liberal policies and institutional reforms aim to engineer a capitalist transformation in developing countries. The early stages of these transformations typically involve intense exploitation, inequality and oppression. The poor may eventually gain as capital accumulation augments employment opportunities and this process, in turn, builds demand for agricultural and mass consumption goods – the “trickle-down” effect.

Neo-liberalism offers the African peasantry, for example, the prospect of increased vulnerability and dislocation. A characteristic feature of African agriculture is the preponderance of smallholders who possess, not freehold title, but communal rights to use land and transfer them to their children. This system of communal land tenure maintains not only a considerable degree of equality in the countryside of most Sub-Saharan countries, but also an anchor for a set of reciprocal arrangements that provide ‘safety nets’ for members (see, e.g., Mkandawire & Soludo 1999, 113-14). To disrupt these arrangements by creating private property in land is to heighten the vulnerability of rural populations. Such a transformation may also sow political instability and violence in some regions, as conflicts instigated by overlapping traditional rights pit one clan or ethnic group against another. Conflict between “indigenes” and “strangers” have flared in various countries, notably in Northern Ghana and the Rift Valley of Kenya in the past

few years. Yet neo-liberals seek to create a land market, on the grounds that communal land tenure impedes agricultural production. Private land ownership will allow innovative rural entrepreneurs to accumulate land, secure credit for investment in their land, and thus raise agricultural productivity.

Although pragmatic neo-liberalism intends to ease the pain of this and other adjustments to market exigencies, it is doubtful this strategy has the means to accomplish this goal. Not only do underfunded safety nets reach few individuals in societies where half or more of the population is poor, but the priority placed on balanced budgets squeezes the resources available for productivity-enhancing public education and health care. One 1999 survey of 16 African countries following IMF prescriptions discovered that 12 had *cut* their spending on basic education (*Globe & Mail* [Toronto] April 13, 2000).

This harsh and inequalitarian phase of capitalist development is not inevitable; it can be mitigated by a pro-active state, as the recent record of Taiwan, Korea and Singapore shows. To combine growth with equity, a "developmental" state will orchestrate incentives to ensure that firms adhere to a broad industrial strategy, and will manage the distribution of assets and income to advance such goals as equity, an adequate labour force, and agricultural production. Pragmatic neo-liberals do not envisage such a deeply interventionist role for the state; instead, they advocate a lean state with a "market-friendly" mandate – to maintain macroeconomic and political stability, ensure the supply of human capital and infrastructure and mount minimal safety nets. In any case, the recent experience of Sub-Saharan countries does not suggest that development states are likely to emerge in the next decade or two. Whereas micro-states like Botswana and Mauritius have forged effective, even developmental, states, the record elsewhere

in the region is discouraging. Even Cote d'Ivoire and Kenya, which were lauded in the 1960s and 1970s for their effective states and growth-oriented policies, have undergone political decay in subsequent years. Hence, Africa cannot realistically now rely on the state to underpin just development, though programs to prevent state collapse and rejuvenate state apparatuses must be a key part of any long-term strategy.

These reflections lead to certain sobering conclusions. Despite the disappointing results of structural adjustment, we must not simply discard the neo-liberal model. Developmental challenges in many countries are so intractable as to defy any short-term solutions. Progress will be measured in decades, not years. An important task is to 'unpack' the adjustment packages by separating those measures that address real problems from those that derive more from liberal faith than reasoned argument. On the one hand, it is generally true, as neo-liberals hold, that heavily state-led development in most African countries has proved disastrous. There is, in the World Bank's words, a "crisis of governance". Hence, much of market-oriented adjustment and macro-economic stabilization makes good sense as a long-term program. Even many skeptics support policies and programs to reduce inflation and fiscal deficits, shrink the role of incapacitated states in economic management, expand the responsibilities of decentralized communities and voluntary organizations in social provisioning, promote democratic governance and the rule of law, and rebuild state capacity. On the other hand, the neo-liberal model links these adjustments to Africa's deeper integration into the prevailing global market economy. It assumes that all participants in self-regulating global markets will eventually benefit. But the current pattern of globalization is proving unfavourable to African economies in various ways.

Hence, just development in Africa surely entails a struggle to reform the existing pattern of neoliberal globalization, as well as domestic policies and governance.

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¹ Mkandawire and Soludo (1999) implicitly adopt such a position, focusing as they do on the centrality of promoting democratic -developmental states in Africa. See also, the authors of the case studies on which these authors draw in Mkandawire and Soludo (2000).

² For a statement of a pure neo-liberal approach, see World Bank (1981). For a general survey of the evolution of this strategy in the 1990s, see Taylor (1997), Green (1998) and Gore (2000).

³ On the intellectual influence of the international financial institutions, see Samoff (1996).

⁴ It would be wrong to leave the impression that proponents of this model are in full agreement. Those within the fold disagree strongly at the level of tactics, that is, on the proper bundle of policies and institutional changes at a particular time, their sequencing, and the timing (whether rapid or gradual) of the reforms. Nonetheless, at the level of strategy, a fair amount of agreement is evident. See Helleiner (1994) for agreements and disagreements, over economic policy in particular, by the mid-decade.

⁵.For surveys of colonial economy, see Austen (1987, 155-223) and Fieldhouse (1986, 1-66).

⁶.See Kennedy (1988, 28-59) on colonial rule and African enterprise; Philips (1988) and Berman and Lonsdale (1979) on how the concerns for political domination inclined British officials in West Africa and Kenya to be wary of the growth of capitalist production relations, especially in rural areas.

⁷ See, for example, Mamdani (1997) and Young (1994) on the evolution and legacies of colonial states.

⁸ On the rise of economic nationalism from the late 1960s, see Adediji (1981, 15-41, 383-94).

⁹ For a recent assessment and explanation of this inequality, see World Bank 2000c.

¹⁰ See Throup and Horsby (1998, 7-46) for discussion of the illustrative experience of Kenya in which closure of access to state patronage to the Kikuyu political-cum-business elite, construed as the most formidable contenders for power, was central to Moi's efforts to strengthen his grip on power after succeeding Kenyatta.

¹¹ See Ndulu and van de Walle (1996, 3-31) on the emerging consensus on the critical elements of an effective development approach in Africa.

¹² See Killick (1998); Collier and Gunning (1997); and for an assessment by African scholars, see Mkandawire and Soludo (1999 & 2000), who write, "it is unclear whether the lack of implementation results from unwillingness to undertake reform; from the objective conditions not permitting the kind of adjustment being recommended; or from the policies being inherently nonimplementable" (1999, 53).

¹³ Collier (1997, 95) puts much of the blame for this on the inability of Africa "to live down its past" as a high-risk environment for investors.

¹⁴ See Brautigam (1996, 83-84) who notes four basic dimensions of state capacity: regulatory, administrative, technical and extractive.

¹⁵ Moore (1998,102-109); also Chabal (1999, 111-18); it is for these sort of reasons that Mkandawire (1999b, 119-36) and Joseph (1997), for example, respectively label African democracies as "choiceless" and "virtual".

¹⁶ The enthusiasm for NGOs as harbinger of political democratization in the literature of the late 1980s and 1990s has given way to more sober assessments; see, e.g., Dicklitch (1998) and Van Rooy (1998). A credible, if somewhat cynical view, is offered by Chabal and Deloze (1999, 18-26) who maintain the recent proliferation of indigenous NGOs is less about the flourishing of civil society and more to do with the generation of new

opportunities for gaining access to resources by political elites as they creatively adjust to the changing requirements of the international aid regime.

¹⁷ See Eriksen (1999, 60) who continues, correctly, “ethnicity is always or nearly always, a form of metaphoric kinship.”

¹⁸ The growth of informal economies, much discussed in the 1980s and early 1990s testified to the strengthening, rather than weakening, of kinship ties in face of the declining significance of states to the material and security needs of citizens. See, e.g, MacGaffey, 1987; Chazan and Azarya (1988); and the representative sample of essays in Rothchild and Chazan (1988).

¹⁹ This argument is made by the World Bank in its recent efforts to refute the growing criticism of globalization. See, e.g., World Bank (2000a, 3).

²⁰ That is, a pattern of transnational economic integration animated by the ideal of creating self-regulating global markets for goods, services, capital, technology, and skills.

²¹ Social-democratic globalization refers to a pattern of transnational economic integration that is animated by the ideal of harnessing global markets to social ends, that is, treating markets as the servants of society rather than its master. The negative side-effects of free markets include growing inequalities within and among countries, heightened personal and societal insecurity as a consequence of financial volatility and turbulence, environmental degradation, and the dilution of democracy by restricting the sovereignty of governments and accentuating the power of capital. A social-democratic form of globalization would tackle these problems by setting negotiated limits to the operation of markets. Enforceable social, environmental, and cultural charters would probably require new forms of global governance and, to gain the adherence of the South, new mechanisms of North-South redistribution.

²² Carol Lancaster (1999) examines why the relatively high volume of aid to Africa has had a limited impact. The reasons are complex, deriving from both the faulty goals and procedures of donors and the difficult conditions, especially institutional weaknesses, of Africa.

²³ A.K. Fosu (1999) uses World Bank data to show that Sub-Saharan Africa’s growth would have averaged nearly 50 percent higher in the absence of its crushing external debt payments.

²⁴ The G7 includes the United States, Japan, Germany, France, the United Kingdom, Italy, and Canada. The G7 became the G8 with the addition of Russia.

²⁵ Dunkley (2000) shows how the current rules of international trade were written by and for the rich countries of the North. Kaplan and Kaplinsky (1999) demonstrate how a combination of protection and subsidies in the North obstruct South Africa's efforts to expand employment and foreign earnings by developing an export-oriented fruit canning industry.

²⁶ This paragraph draws on Helleiner 1997, 78-81.

²⁷ For an interesting debate reflecting these opposed views, see "Dueling Globalizations: A Debate between Thomas L. Friedman and Ignacio Ramonet" (1999, pp.110-27).

²⁸ Those who have written about the feasibility of an alternative pattern of globalization tend not to be academics (though see Boswell and Chase-Dunn 2000). For reflections on a reformed global order, see especially Martin and Schumann (1997) and Korten (1999).

²⁹ The contrasting people-friendly and fierce approaches to development are presented in Sen (1997, 533).

³⁰ For an analysis along the same lines, see Campbell (2000).