

Developmental Regimes in Africa

Business, politics and the state in Africa

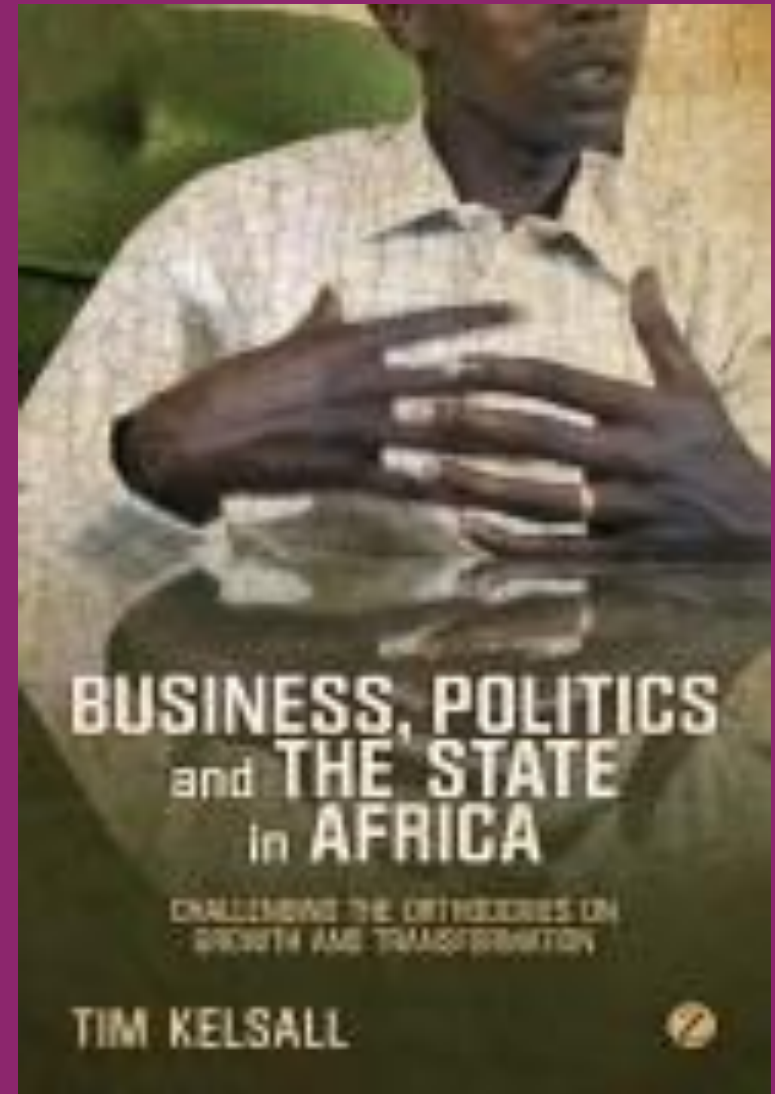
Challenging the orthodoxies

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Africa Power and Politics Programme



The political economy of development in Africa:

A joint statement from five research programmes

on behalf of

Africa Power and Politics Programme

Developmental Leadership Programme

Elites, Production and Poverty: A Comparative Analysis

Political Economy of Agricultural Policy in Africa

Tracking Development

April 2012



The problem 1: Not just economic growth ...

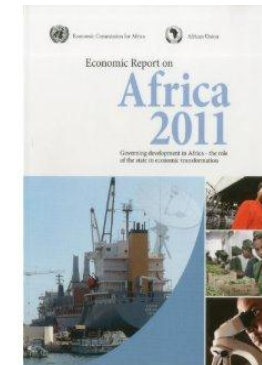
- Economic headlines of 2010: Africa on the move
 - McKinsey report “Lions on the Move”: accelerating growth during 2000s; not just a resource boom
 - Steven Radelet CGA book: steady economic growth and democratisation since mid-1990s in 17 “cheetah” countries
- Economic headlines of 2011: not just growth but ...



Justin
Lin



K.Y.
Amoako



UN
ECA

- ... economic transformation

What's the difference?

- Textbook development economics: development = growth + structural change
- Structural change = change in sectoral distribution of output arising from productivity growth, not neglect!
- Policy consensus of 1980 that has been forgotten: redistribution and poverty reduction arising from growth with the right structure, not high growth followed by redistribution
- You won't get this if you neglect smallholder agriculture (or basic health and education)

Immediate implications

- It's time to stop being satisfied with high growth, LIC graduation to MIC and a bit of poverty reduction
- Thinking about political drivers and institutions needs to relate to the generally acknowledged needs of economic and social transformation:
 - Investments in infrastructure with long gestation periods
 - Credible state commitments to investors in infrastructure and productive enterprise
 - Politically protected link-ups between capitalists and sectoral bureaucrats or semi-public agencies in key sectors
 - Public or private organisations that assure market coordination and assume risk for small producers
 - Use of rents to finance the learning costs of pioneer firms

The problem 2: What about the politics?

- A 30-year conventional wisdom about Africa has ruled out successful state interventionism:
 - Inevitability of political corruption and managerial inefficiency – “rent seeking”, “neopatrimonialism”
 - “First get good governance” – so that states are accountable to citizens
 - That means better public financial management, multi-party elections and ... democratic decentralization
- Global hype around the Arab Spring – renewal of public belief in democratization as magic bullet
- The trouble is:
 - Historical experience does not support the Good Governance orthodoxy or popular faith in democracy as the solution to all problems
 - Institutions matter, but the same (formal) institutions have different effects in different contexts

Not just institutions ...

- Who says?
- What are the contextual factors that make the difference?
 - The presence or absence of a substantial capitalist sector that can be taxed, reducing the state's reliance on creating sources of rent
 - The delivery capacity that goes along with capitalism, which makes promises to deliver public goods realistic and credible
- So long as these conditions don't exist, efforts to promote a golden thread of liberal-democratic institutions will have unanticipated consequences and limited benefits
- Crucial to appreciate the role of rents under different kinds of *political settlement*



What, then, is a political settlement?

- Khan/Putzel: a mutually reinforcing combination of power structures and institutions
- The dual role of rents:
 - essential economic contribution to capitalist development, especially in the early stages – financing risks and innovation/learning
 - essential political contribution: limiting violence or preventing civil war in ethnically or otherwise divided societies, holding together a ruling coalition governed by agreed rules of peaceful political competition
- The relevant distinctions, therefore, are between different rent utilisation regimes and their associated institutions:
 - APPP: as in the history of Europe and Asia, distinguish more and less developmental forms of (neo)patrimonialism
 - Others: varieties of political settlement

Variety 1: competitive clientelism

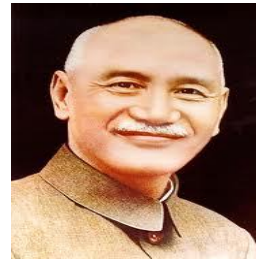
- *Not* a matter of democracy versus dictatorship, but ‘competitive clientelism’ is the modal type under multi-party constitutions
- Varieties of competitive clientelism:
 - Competitive clientelism with alternation of parties in power (Ghana, Bangladesh)
 - Competitive clientelism of factions where one party is dominant (Tanzania, Mozambique, Malaysia)
 - Unhappy middle ground (Kenya? Uganda?)
- Common features:
 - Much rent generation, largely used to reward supporters, sustain coalitions and limit violence
 - Extreme short-termism: big problems of elite collective action when it comes to investments and actions of high national interest
 - Policies are shaped either to serve clientelism or to maintain aid flows

Variety 2: developmental type of settlement

- *Not* a matter of democracy versus dictatorship, but developmental patrimonialism is certainly a deviation from the modal type under multi-party constitutions
- Common features:
 - The coalition in power is sufficiently inclusive to avoid a reversion to civil war, but limits competition, partly by sharing power
 - There is an elite consensus on not using rents to reward supporters and sustain coalitions, but to use them to underwrite long-term development initiatives with expected political payoffs
 - There is political protection for a bureaucracy with a problem-solving and learning orientation (the Andrews and Pritchett prescription?)

So what for policy and practice? (1)

- Historically, this developmental political settlements have only occurred under two particular conditions, which are not reproducible



- When it does happen, acknowledge this distinct trajectory
 - Recognise the context, the originality and the learning and don't bang on regardless about 'political space' and 'level playing fields'
 - Be a critical friend, about economic policy (especially macro-management), and about civil and political rights (pay attention to the rights lobby but recognise they have an agenda)

So what for policy and practice? (2)

- When it is clear that competitive clientelism is the name of the game:
 - Promote debate about short-termism, clientelism and their costs
 - Open up discussion about the drawbacks of adversarial, winner-takes all, Westminster-style politics and the merits of power-sharing
 - Field some propositions on protecting the vital long-term ingredients of economic transformation – infrastructure, investor commitments, smallholder support – from politicking
 - Adapt the recommendations to the particularities of the national politics (e.g. the particular strengths of dominant-party systems)
 - Recognise that there may be potential coalitions favouring these initiatives but that they face problems of collective action

Final implications for the international community

- Be humble about the extent of our knowledge about “what works”
- Aware that in history all good things don’t go together
- Resist global bandwagons
- Undertake painstaking analysis of the political economy of possible change, country by country
- Support political settlements for transformation, in MICs and LICs
- Do it decisively and imaginatively
- Give some priority to identifying potential coalitions for change that are stalled by solvable collective-action problems
- If you can’t do it, delegate – do more ‘arm’s length aid’

Thank you!

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Developmental regimes in Africa brings together **Tracking Development**, led by the ASC & KITLV inter-institutes of Leiden University, Netherlands and **Africa Power and Politics**, led by the Overseas Development Institute, London. The project is supported by the Netherlands Ministry of Foreign Affairs

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