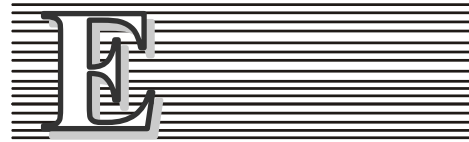




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# **The Developmental State: What Options for Africa?**

**An Issues Paper**

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## List of Acronyms

ECA	Economic Commission for Africa
IFI	International Financial Institutions
ISI	Import substitution industrialisation
SAP	Structural Adjustments Programmes
IMF	International Monetary Fund
UNCTAD	United Nations Conference on Trade and Development

## **A. Introduction and background**

1. The State is undeniably the most important socio-economic and political institution in the society. It consists of a cluster of inter-related socio-economic and political institutions, charged with the performance of a multitude of roles and functions, including fostering the overall wellbeing and development of society. The State has always been seen as the main supplier of basic and essential public goods and services, ranging from the maintenance of law and order, creating and maintaining the enabling environment for peace, security and stability, to the health and education services for the citizenry. However, the ability of the State and its institutions to perform its functions and fulfil its multiple roles has varied over time and space.

2. This is reflected in differential levels of socio-economic development and progress among States and regions of the world, begging the question as to why some regions or countries are more developed than others. The ability of some States to harness their human, material and other resources endowments and to create wealth more efficiently than others has been presented as a partial explanation to the differences in economic growth and development (Fuguyama, 2007). Against this background, the role of the State in the development process has been acknowledged and has been the subject of academic and policy debates for decades, particularly with regard to developing regions of the world, including Africa.

## **B. The shifting role of the State in the development process**

3. In the 1940s and 1950s, development economists, partly influenced by the success of the post-War reconstruction of Europe, as well as the Soviet dirigisme and central planning model, stressed that the State had to play a central role in improving the welfare of the people and in the structural transformation of the economies of developing countries (ECA, 2011). The theoretical and policy synthesis for structural change, modernization and industrialization popularized by scholars such as Arthur Lewis, which was a call for the State to lead the process of transformation from subsistence agriculture to industrialization, was very attractive to many newly independent African countries. Unfortunately, the attempt by many African States to duplicate the experience of the West in order to develop did not materialize. As a result, from the 1960s onwards, many African States were forced to change their development course by adopting the import substitution industrialization (ISI) model, which encouraged the State to use high tariffs and quotas on imports to stimulate domestic production and diversification. Rather than engender development on the continent, the State-led ISI model produced the opposite effect of inhibiting self-sustaining industrialization in the African countries that adopted it.

4. The onset of severe balance-of-payment crises resulting from rising energy prices, combined with declining commodity demands because of the recession in industrialized countries, compelled African States, in the late 1970s and early 1980s to opt for inward-looking, collective self-reliance as the best economic development model. This model allotted African States collectively a central and primordial role in the development process. During the same period, the international financial institutions (IFIs) inaugurated Structural Adjustments Programmes (SAPs) as rescue packages for the crisis-ridden African economies. One of the key prognosis that underpinned SAPs was that Africa's development crisis stemmed partly from the excessive intervention of the State in the economy, and therefore that State involvement in economic matters in Africa needed to be reduced to the barest minimum if the continent were ever to develop. The advent of SAPs represented that first serious challenge to the primacy of the State in Africa's development prospects since the advent of African statehood.

5. By the mid-1980s and early 1990s, almost every other African State had adopted one form of SAPs or the other. However, many analysts and commentators are of the view that SAPs were more hurtful than helpful to African countries, and that aggregately, they did not engender any meaningful development in the countries that adopted them. More significantly, the evident anti-state logic of SAPs has been identified as one of their greatest weaknesses. Understandably, in the post-Washington Consensus era, the architects of SAPs, the International Monetary Fund (IMF) and the World Bank have conceded to the role of the State in economic development and poverty reduction, with regard especially to entrenchment of properly functioning institutions, good governance, responsible leadership, and participatory governance mechanisms (Le Pere and Ikome, p. 93).

6. As a matter of fact, by the late 1990s, the view that the lack of good governance and the poor quality of State institutions were the root causes of economic problems in developing countries became widespread and institutions such as the IMF and the World Bank started to impose the so called “governance-related conditionalities,” in addition to the conventional “economic conditionalities” attached to multilateral and bilateral financial assistance to developing countries (Kapur and Webber, 2000). These new conditionalities required that the borrowing countries should adopt “better” institutions that improve “governance.” Around the same time, many developed-country Governments and development partners also started to attach governance conditionalities to their bilateral aid. This growing recognition of the role of the State in economic development was most succinctly captured in the 1997 *World Development Report*, which stated that “an effective State is vital for the provision of the goods and services – and the rules and institutions – that allow markets to flourish and the people to leave healthier and happier lives. Without it, sustainable development, both economic and social, is impossible” (ECA, 2010).

7. The debate about the role of the State in economic development has come full circle, when, with the onset of the global financial and economic crisis in 2007, many developed countries, led by the United States, undertook radical State-led financial and economic intervention measures to rescue their economies from collapse. This has further broadened and strengthened the case for an active role for the State in economic development, particularly in the developing world. The concept of Developmental States had already risen to the top of development discourse, following the spectacular economic performance and rise to emerging economies’ status by a number of South East Asian countries in the 1970s and 1980s, through robust state-intervention measures.

### C. The (resurrection) resurgence of the concept of the Development State

8. Although the concept of the Developmental State preceded the successful development story of the South East Asian countries, it is their success that has become its reference point. The initial focus of this discourse was on dissecting the contours of the concept of developmental statehood, accompanied by analysis of the underlying political, economic, financial and institutional factors that led to the spectacular development success of a number of South East Asian countries (Cumings, 1999 in Musumba, p. 11).

9. With regard to conceptualization of the Developmental State, it has been described variously as one that places economic development as the top priority of government policy, and which is able to design effective instruments to promote such a goal. The instruments alluded to here include the establishment of well-functioning formal institutions; weaving of formal and informal networks of collaboration among citizens and officials; and the utilization of new opportunities for trade and profitable production (Bagedi, 2000: 398, cited in ERA 2011:95). It has also been characterized as a State that promotes macro-economic stability, as well as establishes an institutional framework that provides law and order, effective administration of justice and peaceful resolution of conflicts, ensures property rights and appropriate infrastructure investments, and advances human development (Mkandawire, 1999 and 2010, cited in ERA 2011: 96). It has also been seen as a State that is determined to influence the direction and pace of economic development by directly intervening in the development process, rather than relying on the uncoordinated influence of market forces to allocate economic resources (Johnson, 1982: 319-20 in Meyns and Musumba, p. 13). Elsewhere, the Developmental State has been described as one that authoritatively, credibly, legitimately and in a binding manner, is able to formulate and implement its policies and programmes. In other words, it is a State that is capable of deploying the requisite institutional architecture and mobilizing society towards realization of its developmentalist project (Edighegi, 2010:4). Further, according to a 2007 UNCTAD Report, the literature on Developmental States has focused its characterization on two major features, namely, a developmental ideology and a structure pertaining to the requisite institutions, norms and standards that can support the development process. Therefore, their *raison d’être* is building the political, administrative, and technical capacity to support development, in what has been summed up as constituting the ‘software and the hardware’ of Developmental States (ibid p. 97; Weiss, 2010).

10. As far as the underlying forces that facilitated the emergence and blossoming of developmental States in South East Asia are concerned, analysts have highlighted among others, the presence or early emergence of small, inexpensive, professional and very efficient state bureaucracies or pilot bureaucratic agencies, endowed with high degrees of prestige, legitimacy and authority that enabled them to champion the politically defined and civic interest groups (Johnson, 1982: 49). This made it possible for bureaucracies to be shielded from instrumental manipulation by powerful rent-seeking groups outside the State, while remaining embedded in the developmental agendas, including through forging productive ties with the private sector. This was facilitated by the ‘conduciveness’ of the political and social conditions that prevailed in these States. Prevailing in these societies was what

Evans has described as the strategic function of a capable and meritocratic bureaucracy, with a strong sense of corporate identity and a dense set of institutionalized links with the private elite (Evans, 1995: 12 -14). Overall, the democratic States of South East Asia emerged under extremely challenging conditions, including low levels of economic development and high deficiencies in democratic and human rights credentials.

11. The specific focus on understanding what made possible the successful establishment of Developmental States in Asia later shifted to identifying the necessary governance, economic and social conditions that would make the emergence and sustenance of developmental States possible in non-East Asian regions, including in Africa (Musumba, p. 11).

12. In this regard, Andrian Leftwich's theory and model of the Developmental State is very instructive. Leftwich posits that politics is the dominant variable, which determines the concept of the Developmental State as well as developmental success or failure in all human societies. He argues further that the explanation for the different development capacities and records of countries, particularly 'third world democracies', hinges crucially on the primary role of politics in shaping the character and capacity of the State (Leftwich, 2000:4 and 1988:5). More concretely, he identifies six major factors that condition the emergence and consolidation of a Developmental State, namely: (a) the presence of a development-oriented political elite, imbued with high levels of commitment and will to attain economic growth; (b) the entrenchment of a powerful, professional, highly competent, insulated and career-based bureaucracy; (c) the existence of a social context characterized by a weakened, negligible and subordinate role for civil society and other civic forces; (d) the existence of high capacity for the effective economic management of both domestic and private economic interests; (e) the exhibition of an uneasy mix of repression and non-adherence to human rights; and (f) the performance-based legitimacy of the governing political elite, and which takes precedence over mere procedural legitimacy (Leftwich, 2000:174). Other factors that have been identified as necessary ingredients for the emergence and sustenance of developmental States include the establishment of production-oriented private sectors and performance-oriented governance generally, which essentially refers to fully functional and effective institutions (Meyns, and Musumba, p. 21). Beyond merely identifying and stressing the importance of these factors in the emergence of Developmental States, the literature has also extensively examined the processes by which they can and should be put in place.

13. A very curious fact about much of the literature on the conditions for the emergence of a Developmental State is that it does not seem to ascribe any strong positive correlation between the entrenchment of democratic governance and its emergence or sustenance. If anything, the dominant literature seems to suggest that development through a Developmental State in particular conflicts with democratic governance imperatives (Leftwich, 2005: 686; & 2002). This line of thinking, anchored on and informed by the experience of South East Asian States that developed without any garb of democratic governance, has continued to wield much influence on the thinking about the prospects of the Developmental State in Africa, especially its democratic variant. A number of studies have attempted to debunk the fetish of authoritarianism as a defining feature of a Developmental State, by pointing to the fact that the persistence of authoritarian systems has been a major impediment to both political and economic sustainable development (Randall, 2007: 635). They have argued strongly that democracy has a critical role to play in enhancing the effectiveness of the State in development and therefore that Developmental States must anchor their developmental agendas on democratic governance principles and institutions (Fritz et al. in Meyns and Musumba, p. 27.). These seemingly diametrically opposed perspectives have shaped and structured the discourse on the prospects of establishing and sustaining Developmental States in Africa.

#### **D. The discourse on the Developmental State in Africa**

14. The discourse on the Developmental State in Africa has, for many years, moved in two major directions. The first has consisted of animated debates on whether or not the establishment of Developmental States was feasible and viable in Africa. This comes against the background of the continent's peculiar realities as well as the fundamentally altered global environment that seems more constraining than it was at the time of the emergence of Developmental States in Asia. The second direction of the discourse, against the backdrop of a tacit consensus (at least among some African scholars and policymakers) on the imperative of establishing Developmental States on the continent, has focused on what form and shape Africa's envisaged Developmental States should take – the Asian-type autocratic developmental model or the democratic developmental model.

15. There has been widespread scepticism about the prospects for the emergence of viable Developmental States on the continent, arising partly from the generally poor record of state-led development efforts embarked upon by a number of immediate post-independence African governing elites. Although many such elites projected themselves as champions of nation-building and socio-economic transformation, for most, the primary agenda was the pursuit and consolidation of personal power. State intervention in the economy therefore became an instrument to facilitate the accumulation of wealth by the governing elite (Ake, 1996: 6). More significantly, failure of the development-state projects that were pursued at independence can be explained by absence of genuine development-oriented leadership with sustainable visions of development; lack of autonomous and efficient bureaucracy; near non-existence of a production-oriented private sector, partly because of the weakness of indigenous business at the time of independence, but also because of the anti-private sector orientation of the post-independent African State; and the generally predatory character of the post-colonial State that was at outright variance with the developmental ethos.

16. The contention among many sceptics on the viability of the developmental-state ideology in Africa is that many of the institutional and structural weaknesses that resulted in the dismal outcomes to state-intervention efforts in the immediate post-colonial era still persist, including the lack of viability of many African States in securing legitimate political order and sufficient national authority (see Bratton et al in Musamba, pp. 32-33). For example, it has been widely acknowledged that despite the major governance and constitutional reforms undertaken by many African Governments in the course of the last two decades, institutional capacity deficiencies continue to be one of the major governance issues on the continent. According to ECA (2005), capacity deficiencies across all the governance institutions in Africa, ranging from State institutions to non-State bodies in civil society and the private sector, have adversely affected the effectiveness of governance systems on the continent and will continue to do so unless they are adequately addressed. This cumulative reality has pushed some to the conclusion that Africa lacks adequate political superstructure and the leadership necessary for the pursuit of developmentalist policies (Birdal, 2007: 580)

17. Scepticism about the prospects of Developmental States in Africa has also stemmed from the fact that the widely venerated success cases of South East Asia do not seem to lend themselves to replication in Africa because of a number of reasons. Key among these is the fact that the conditions and circumstances that underpinned their emergence in Asia were unique and specific to the countries in question. Moreover, the global political and economic environment has been fundamentally altered, particularly with the emergence and dominance of the neo-liberal paradigm – even as this paradigm is now in crisis as evidenced by the global financial and economic crises that have gripped much of the capitalist world. Another important feature of the transformed global environment that is seen to be a constraining force to interventionist logic has been the emergence of multiple autonomous development actors and global agencies. The argument has been that even Asia's Developmental States would not be able to repeat their feat if they were to attempt it in the current global context; therefore, it would be futile for Africa to take that path (Beeson, 2006; Leftwich, 2000 in Meyns and Charity, p.32).

18. On the other hand, proponents of the emergence of Developmental States in Africa have argued that the rather blanket generalization about the poor performance and lack of potential for African countries to achieve rapid State-led development is just as biased as is the usually unqualified veneration of the achievements of the East Asian models. They have interpreted the rejectionist arguments against developmental statehood in Africa as being more of an ideological preference for neo-liberalism than a careful analysis of the role of the State in development, including in Africa (Mkandawire, 2001, 2003; Chang, 2006, UNCTAD, 2007). In particular, they question why neo-liberalists are ready to trumpet the infinite possibilities of transplanting markets across regions, but are not willing to do the same with the institutions of the Developmental State, such as the modern, pro-development bureaucracy (Chang, 2006). Proponents of the Developmental State have argued that this is not a pre-determined model but is a developmental concept based on selected features, which can and need to be adapted to different conditions in time and space, including in Africa under its current realities (Weiss cited in Meyns and Charity, p. 34; Mkandawire, 2001: 310). They have concluded that not only can African countries draw broad lessons from the East Asian experiences but they also currently possess sufficient ingredients to address their development challenges by adopting developmental-state approaches (UNCTAD, 2007:75).

19. While acknowledging the multidimensional capacity weaknesses of the post-colonial African State as a major source of the continent's current underdevelopment, proponents argue that there is enough reason to adopt a developmental-state model. In fact, the expectations are that a well-thought out Developmental State would be able to target and address many of these capacity and related constraints. There is, for example, a repository of evidence that a "Developmental State" can be a major pivot for the promotion of human-centred development. Indeed, as African States continue to be

plagued by the vagaries of the human-needs deficit, as reflected in mass abject poverty and deprivation, burgeoning unemployment, including the alienation of the youth, and the inadequacy of public education, public health, clean drinking water, and acceptable sanitation, the establishment and functioning of a “developmental State” in African countries could lead to a “renaissance” in terms of socio-economic development and human security (Kieh, 2011).

20. It would seem that a preponderance of views, particularly from Africanist scholars and African policy institutions subscribes to the emergence of democratic Developmental States on the continent. Such States are seen as having the potential to address the two inter-locking critical issues of democracy and development that have continued to plague the continent. Despite the growing consensus on the imperative of working towards establishment of Developmental States on the continent that use democratic models, questions continue to linger over the concrete methods, measures and means that need to be deployed to effectively establish them. There appears to be much yearning among Africans for democratic Developmental States in Africa. The unresolved issues need to be addressed and require appropriate research and policy focus.

#### **E. Lingering and unresolved issues and questions about the Developmental State**

21. Africa has in the past decade and half registered remarkable progress in both political and economic governance institution-building. Although the continent continues to lag behind other regions of the world on many economic and political governance issues, it has been recognized as harbouring some of the countries with the fastest-growing economies in the world. Yet, poverty levels in the majority of countries have remained very high and conflict, particularly of the type generated by inconclusive competitive electoral processes and exclusionary politics, has remained widespread. While a few African countries, such as Botswana and Mauritius, by virtue of their remarkable state-led economic development, are increasingly described in the literature as Developmental States, they are still only the exception and not the rule in Africa. Overall, the image of Africa remains mixed, with pockets of development and governance progress, juxtaposed with numerous cases of grinding poverty, underdevelopment and poor governance. Notwithstanding these rather worrying realities, Africa is being projected as the future pole of global economic growth. For these projections to come true, the continent needs States that are capable of overcoming the numerous developmental challenges – preferably democratic developmental States. The imperative of establishing such States is contingent on a number of issues and questions that include:

- a) Does Africa possess the right leadership and institutional structures to herald the emergence of viable Developmental States on the continent?
- b) What does the African continent need to do to avert a repeat of the developmental failures of the 1960s and 1970s?
- c) Is the African State capable of liberating itself from the stranglehold of dominant, particularistic and predatory interests so as to emerge as an autonomous entity, capable of prioritizing developmental objectives?
- d) How, and to what extent are Africa’s recent economic and governance advances capable of shaping the type of State that the continent needs for its economic transformation?
- e) Is the Developmental State the most appropriate state form for facilitating Africa’s effective emergence as a pole of global economic growth?
- f) In light of the numerous challenges that have faced Africa’s post-1990s democratization experiments, how legitimate is the claim that democratic Developmental States are possible and potentially viable on the continent?



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