



The Developmental State in Africa

Problems and Prospects

Peter Meyns and Charity Musamba (eds.)

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NOTE ON THE AUTHORS:

Peter Meyns, Dr. rer. pol., Professor of International Relations and Development Studies at the University of Duisburg-Essen (retired).

Research interests: North-South relations, development studies, poverty reduction, regional cooperation and integration and democratic transition. Regional focus: Africa, in particular southern Africa and Lusophone Africa.

E-Mail: peter.meyns@uni-due.de

Charity Musamba, Dr. phil., social scientist, Executive Director of the Foundation for Democratic Process (FODEP), Lusaka / Zambia; formerly with the Jesuit Centre for Theological Reflection (JCTR), and associate fellow at the Institute for Development and Peace (INEF), Duisburg.

Research interests: structural adjustment, debt relief, poverty reduction, the developmental state. Regional focus: sub-Saharan Africa, in particular Zambia and southern Africa.

E-Mail: cmusamba@hotmail.com

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Lotharstr. 53 D - 47057 Duisburg
Phone +49 (203) 379 4420 Fax +49 (203) 379 4425

E-Mail: inef-sek@inef.uni-due.de

Homepage: <http://inef.uni-due.de>

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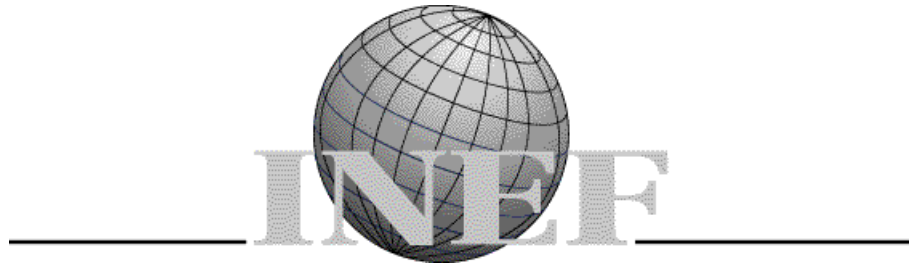
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University of Duisburg-Essen
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ABSTRACT

Peter Meyns and Charity Musamba: The Developmental State in Africa: Problems and Prospects. Duisburg: Institute for Development and Peace, University of Duisburg-Essen (INEF Report, 101/2010).

Against the background of successful developmental experiences in East Asia this report discusses the relevance of the developmental state concept to conditions in Africa. In her contribution Charity Musamba reviews the main theoretical literature on the developmental state and identifies four key features which have informed successful implementation in East Asian countries. With regard to Africa, she challenges the “impossibility theorem” and supports African analysts who defend the need for a *democratic* developmental state in Africa. Peter Meyns analyzes the development path of an African country, Botswana, which – not withstanding certain weaknesses – can be seen as an example of a successful developmental state in the African context.

ZUSAMMENFASSUNG

Vor dem Hintergrund erfolgreicher Entwicklungserfahrungen in Ostasien wird in diesem Report die Relevanz des Konzepts eines Entwicklungsstaates für Bedingungen in Afrika erörtert. In ihrem Aufsatz greift Charity Musamba wesentliche theoretische Beiträge zum Entwicklungsstaat auf und stellt vier zentrale Merkmale heraus, die erfolgreiche Umsetzung in ostasiatischen Ländern charakterisiert haben. In Bezug auf Afrika kritisiert sie das sogenannte „Unmöglichkeitstheorem“ und stimmt afrikanischen Autoren zu, die die Notwendigkeit eines *demokratischen* Entwicklungsstaates in Afrika postulieren. Peter Meyns untersucht den Entwicklungspfad eines afrikanischen Landes, Botswana, das – trotz einiger Schwächen – als ein Beispiel eines erfolgreichen Entwicklungsstaates im afrikanischen Kontext zu sehen ist.

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Abbreviations

ANC	African National Congress
BDP	Botswana Democratic Party
BNF	Botswana National Front
CEO	Chief Executive Officer
CODESRIA	Council for the Development of Social Science Research in Africa
COSATU	Congress of South African Trade Unions
CPI	Corruption Perception Index
DRC	Democratic Republic of Congo
EPZs	Export Processing Zones
FAP	Financial Assistance Policy (Botswana)
FDI	Foreign Direct Investment
HDM	Hyundai Motor Distributors
HSRC	Human Sciences Research Council (South Africa)
HDI	Human Development Index
IMF	International Monetary Fund
IPE	Institutional Political Economy
MCB	Motor Company of Botswana
MITI	Ministry of International Trade and Industry (Japan)
NICs	Newly Industrialized Countries
SACP	South African Communist Party
SACU	Southern African Customs Union
SAPs	structural adjustment programmes
UNAIDS	The United Nations Joint Programme on HIV/AIDS
UNCTAD	United Nations Conference on Trade and Development

Introduction: Recent Debates on the Developmental State in Africa

Peter Meyns and Charity Musamba

When reference is made to the “developmental state” we think of East and South East Asian countries and not usually about Africa. For the past few years, however, there has been a noticeable interest in academic as well as development cooperation circles in the usefulness of the concept for political-economic conditions in Africa. This debate is closely related to, and an extension of, the achievements of East Asian economies since the 1960s and the concept of the “developmental state”, which has become the theoretical underpinning of their success. The question for fledgling African economies is whether they can learn from the East Asian experiences and perhaps even emulate their achievements to overcome their persistent development problems.

It is not, of course, as if African countries had not embarked on development endeavours of their own since gaining political independence in the 1960s and '70s. On the contrary, the early years of independence were characterized by state-led developmentalism in many African countries, which did lead to economic growth and the improvement of social infrastructure in the short-run, but ultimately failed to provide sustainable progress. Partly due to the vicissitudes of world markets but more prominently to the predatory nature of the state in many cases, statist developmentalism by the 1980s had led to economic demise and a seemingly enduring poverty crisis. These post-colonial experiences, therefore, are today regarded as developmental failures.

As a result of their economic demise many African countries also faced a debt crisis and had to embark on structural adjustment programmes (SAPs) in order to access new credits from the International Monetary Fund (IMF) and World Bank as well as bilateral donors. These programmes involved a complete turnaround of economic policies from the statist approaches of the post-colonial period to the market-oriented reforms of the 1980s and '90s. The expected outcome, however, did not materialize. The SAP-inspired decades in Africa are today frequently referred to as the “lost decades”, and the persistence of the poverty crisis has led international donors to refocus their aid programmes on debt relief-funded poverty reduction strategies.

The widespread failure of SAPs reopened the search for viable development strategies and, towards the end of the 1990s, led to the current developmental state debate in Africa. It was widely agreed that there could be no question of simply returning to post-colonial developmentalism. There was little purpose in re-enacting the failed experiences of that period. Attention now was directed to the successful development experiences of East Asian countries, some of which had been, around 1960, at comparable levels of development with African countries and were now marching far ahead. Reference to those experiences was, therefore, the starting point for the new debate. The significance of this





point of departure is – to paraphrase Chalmers Johnson who coined the developmental state concept in his study on industrial policy in Japan – that the East Asian countries' achievements were based neither on Soviet-type command economies nor on laissez-faire free-market economies, but on “market-conforming methods of state intervention”, i.e. a “capitalist developmental state” (Johnson 1982, 1999).

Early references to the developmental state in the African context were country-based. Two countries in sub-Saharan Africa embarked on development trajectories soon after they gained independence in the 1960s which avoided the pitfalls of overbearing statist intervention. Both Botswana (Edge 1998; see also the country study on Botswana in this INEF-Report) and Mauritius (Meisenhelder 1997) have been described as developmental states. They were held to be exceptions to the rule, while the bulk of sub-Saharan African countries were seen to lack the determined focus on development needed to establish a developmental state. In these countries, the post-colonial state rather than representing the solution to development challenges came to be seen as the problem hindering development as it came under the control of patronage-oriented political rulers. Various epithets, such as “the predatory state”, “the weak state”, “the neo-patrimonial state” to name just a few, were introduced to characterize the lack of development leadership in many African countries. This undifferentiated juxtaposition has been challenged more recently, notably by contributors to the debate in Africa investigating the potential for development in countries also characterized by corruption and patronage. The volume entitled “The Potentiality of ‘Developmental States’ in Africa. Botswana and Uganda Compared” (Mbabazi/Taylor 2005), one of the first book length studies on the topic in the African context, is a case in point here.

Another recent focus of the developmental state debate in Africa has been South Africa. The theme emerged in the political arena in the run-up to the national elections in 2004 when the ruling African National Congress (ANC), anxious to instil new purpose into its “tripartite alliance” with the more radical Congress of South African Trade Unions (COSATU) and the South African Communist Party (SACP) and to retain the vote of their supporters, introduced the concept to its campaign programme and subsequent party documents. The short-term aim of serving “as an ideological glue to hold the alliance together” was achieved (Southall 2006: xxvii), but since then there has been a lively debate on the problems and prospects of applying the concept to South Africa. In his introduction to the 2005-2006 edition of the South African Yearbook “State of the Nation” Southall identifies divergent positions in the country with regard to the developmental state, expresses some doubts as to whether the conditions for the establishment of a developmental state, such as adequate state capacity, are in place in South Africa, but asserts that important lessons can be learnt from the East Asian experiences of developmental states (Southall 2006). Of the three positions he refers to, the economic liberals, the Jacobins and the developmentalists, the latter represents the left wing of the ANC and strongly advocates a developmental state perspective for South Africa. At a national conference on the developmental state held in Pretoria in 2007 it was concluded that “in the absence of a comprehensive development strategy, South Africa could not presently be characterised as a developmental state”, but that given



the persistence of unemployment, poverty and inequality in the country a developmental state was needed to address these problems and that South Africa had taken several steps in that direction (Turok 2008: 4, 11). The developmentalists' case was argued in greater detail in the conference volume entitled "Wealth Doesn't Trickle Down. The Case for a Developmental State in South Africa" (Turok 2008).¹

Apart from the few works mentioned above the debate on the developmental state in Africa has led to a still rather limited number of publications. Notable among these is the book entitled "The State They're In: An Agenda for International Action on Poverty in Africa" by Matthew Lockwood. Written from a practitioner's viewpoint it is a highly informative and critical review of sub-Saharan Africa's development experiences and prospects of pursuing a developmental state approach, insisting principally on the creation of the necessary political conditions to curb clientelism (Lockwood 2006). The doctoral dissertation by Daniel Künzler, published under the title "Wo die Elefantentanz, leidet das Gras. Staat und Entwicklung in Afrika" takes a more traditional analytical approach discussing development issues against the background of modernization and dependency theories without referring to the more recent debate initiated by the East Asian experiences (Künzler 2004). A recent publication by Stefan Andreasson appeared under the title "Africa's Development Impasse. Towards a Political Economy of Transformation" (Andreasson 2010). In an earlier contribution Andreasson expressed a degree of scepticism regarding the prospects for developmental states in Africa and raised the question "whether the 'special case' of a few developmental states in East Asia can be applied to the 'general case' of persistent underdevelopment elsewhere." (Andreasson 2007: 8)

Two different positions characterize the debate on the developmental state in Africa. One view posits that the conditions which facilitated the successful East Asian developmental state experiences do not exist in Africa, and the other argues that following the failure of post-colonial state developmentalism and subsequent market-oriented structural adjustment what Africa needs is a "democratic, developmental and socially inclusive" strategy perspective (Mkandawire 2005: 47). Foremost among African analysts who defend the latter view is Thandika Mkandawire, a former executive director of the Council for the Development of Social Science Research in Africa (CODESRIA) who now teaches at the London School of Economics and Political Science. His influential article "Thinking about developmental states in Africa" insists on a differentiated analysis of African countries and argues that developmental states "are not totally alien" to Africa (Mkandawire 2001).

An issue the debate in Africa focuses upon strongly is the need for a *democratic* developmental state. This is an issue because the developmental state

¹ Another recent publication which looks at the South African prospects to establish a developmental state is Linda Wundrak's research report "Developmental States als Modell – Chancen und Hindernisse der neuensüdafrikanischen Entwicklungsstrategie" (Wundrak 2009).



in the East Asian experiences is generally seen as having been autocratic rather than democratic. While not described as a necessary condition, autocratic rule was deemed to have facilitated the strong political leadership and the autonomy of state bureaucracy, both seen as essential features of developmental states in East Asia. What counted was the developmental performance of a state, while the nature of its political regime was regarded as secondary. With regard to conditions in sub-Saharan Africa OmanoEdigheji, research director at South Africa's Human Sciences Research Council (HSRC), challenged this view. In a research outline entitled "A Democratic Developmental State in Africa? A concept paper" he argued, referring to Africa's failed post-colonial statist experiences, that if there was a positive correlation between autocratic regimes and development, "then African countries would have been among the most developed countries in the world." (Edigheji 2005: 10) Looking particularly at the South African case, Edigheji and other analysts have pursued this line of argument in more detail in a recent edited volume entitled "Constructing a Democratic Developmental State in South Africa: Potentials and Challenges" (Edigheji 2010).

Without ignoring the persistence of neo-patrimonial rule in many African countries, this research report does not preclude the possibility of developmental states on the continent. A working definition is provided by Mkandawire who sees "a developmental state as one whose ideological underpinnings are developmental and one that seriously *attempts* to deploy its administrative and political resources to the task of economic development." (Mkandawire 2001: 291) Our approach encompasses the broader context of the developmental state debate and discusses its relevance for sub-Saharan African conditions. In her contribution, which draws on a more comprehensive study (Musamba 2009), Charity Musamba to begin with reviews key theoretical works on the developmental state based largely on East Asian - and also to some extent Latin American - experiences, from which she then synthesizes four defining features of the developmental state. In a third step she analyses the relevance of the developmental state for Africa discussing the arguments of the so-called "impossibility theorem" as well as their limitations and concluding with the case for a democratic developmental state in Africa. To exemplify the developmental experience of an African country which is generally referred to as a developmental state Peter Meyns in his contribution looks at the case of Botswana, highlighting strengths as well as weaknesses of its trajectory since independence. As our interest was to investigate the feasibility of developmental states in sub-Saharan Africa, we chose Botswana rather than South Africa as a case study, as South Africa has specific features which set it apart from the rest of Africa.

The Developmental State Concept and its Relevance for Africa

Charity Musamba

The success of state-led economic development in the 1970s and 1980s in East Asia gave rise to the growth of a new perspective in the development discourse, namely the developmental state approach (Boyd/Ngo 2005: 1; Rapley 1996: 118-119; Woo-Cumings 1999: 63).¹ The initial studies were mainly directed towards understanding the political, economic, financial and institutional factors that led to the successful development outcomes witnessed in the region (Woo-Cumings 1999). Recent inquiries have focused on identifying the necessary governance, economic and social conditions that would make the implementation of the developmental state approach feasible in non-East Asian regions under the current global political and economic conditions (Robinson/White 1998; Woo-Cumings 1999; Mkandawire 2001; Chang 2006; Weiss 2003).

The analysis in this chapter will proceed in three steps. To begin with I review major contributions to the academic literature on the developmental state, based essentially on East Asian experiences. From this literature I have synthesized what I hold to be the defining features of a developmental state. Finally, I turn to the relevance of the developmental state concept for Africa and discuss the feasibility of the approach under prevailing conditions on the continent reviewing the so-called “impossibility theorem” and its counter-arguments, and argue the case for a democratic developmental state.

¹ The foundational and ideational works are attributed to Friedrich List, Max Weber and Alexander Gerschenkron: List (1789-1846) is widely considered as the ideational source of late industrialization. The main identification of a Weberian developmental state is synonymous with the merits of a modern bureaucracy, while Gerschenkron’s work on “Forced Industrialisation” denotes the main argument that late developers (in this case Germany and Russia) need strong state intervention in order to catch up with the early industrialized countries (in this case referring to Britain). For details on these works, see Gerth/Mills 1946; Lassman/Speirs 1994; Gerschenkron 1962; List 1966.





1. The Developmental State Debate – Major Contributions

1.1 Chalmers Johnson: Market-conforming Intervention

Chalmers Johnson's pioneering work on the developmental state focused on Japan's very rapid and highly successful post-war reconstruction and industrialization process from 1925 to 1975 (Johnson 1982). Johnson's main thesis is that the origin of Japan's developmental state is best understood not in cultural terms, but rather by examining the specific events that shaped the country's history. In particular, Johnson contends that the evolution of this model was closely connected to efforts aimed at coping with an international order dominated by the Western developed countries. He locates Japan's motivation behind the creation of a developmental state in two major contexts, namely in its condition as a late developer and within East Asian revolutionary nationalism (Johnson 1982: 11, 25; 1999: 44).

"The very idea of the developmental state originated in the situational nationalism of the late industrializers and the goals of the developmental state were invariably derived from comparisons with external reference economies" (Johnson 1962: 24).

To define the developmental state, Johnson juxtaposes Japan's plan-rational system to a market-rational system on the one hand, as well as, although to a lesser extent, to a command central planning system on the other (Johnson 1982: 18-26). Based on this distinction, Johnson advances three main arguments with regard to the developmental state in Japan. First, he contends that markets do not exist in isolation but that they are a creation of the state and politics. He notes that "observers coming from a market-rational system often misunderstand the plan-rational system because they fail to appreciate that it has a political and not an economic basis" (Johnson 1982: 24). Second, Johnson argues that in this approach the creation of a developmental state comes first before development priorities are put in place. Third, the most crucial element of the developmental state is not its economic policy, but its ability to mobilize the nation around economic development within a capitalist system (Johnson 1982: 302-310).

According to Johnson, the Japanese developmental state model was characterized by three distinctive institutional features. To begin with, a developmental state has a small but inexpensive, professional and efficient state bureaucracy (Johnson 1982: 314-320). In his case study of Japan the Ministry of International Trade and Industry (MITI) was the centrepiece of Japan's developmental model, particularly with regard to the bureaucratic coordination of the industrial development process (Johnson 1999: 47-50). Furthermore, Johnson points to the presence of political conditions that provide sufficient guarantees for this pilot agency to retain a high degree of prestige, legitimacy and authority in fostering productive ties between the agency and the private sector. This observation is aptly captured in the following remark:

"...it must be pointed out that the effectiveness of the developmental state requires that the bureaucracy directing economic development be protected from all but the most powerful

interest groups so that it can set and achieve long-range industrial priorities..." (Johnson 1982: 44).

Finally, the state must guarantee that policy tools give bureaucrats additional authority to craft state interventions in the economy without undermining market principles, i.e. "perfection of market-conforming methods of state intervention" (Johnson 1982: 57-9, 315-16). He observes that "Japan's fused relationship between the executive and legislative branches may be disappointing to liberals, from the point of view of the developmental state it has some hidden advantages" (Johnson 1982: 44). The high level of uncontested influence enjoyed by the bureaucracy was also enhanced by the presence of numerous, albeit weak political and civic interest groupings (Johnson 1982: 49). On this basis, Johnson defines a 'developmental' or 'plan-rational state' as one 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). He closes his case by concluding:

"A state attempting to match the economic achievements must first adopt the same priorities as Japan. It must first of all be a developmental state – and only then a regulatory state, a welfare state, an equality state, or whatever kind of functional state a society may wish to adopt" (Johnson 1982: 306).

Johnson's works on the developmental state significantly influenced Anglo-Saxon scholarship, particularly in terms of challenging the dominant views of the neo-liberal approach (Johnson 1985). Among the prominent scholars who advanced Johnson's thesis are Peter Evans and Linda Weiss. Other analysts, however, criticized Johnson's perception of the developmental state. For instance, Wade criticizes Johnson for failing to provide an elaborate theory, arguing that the "picture of a centralised state interacting with the private sector from a position of pre-eminence so as to secure development objectives" does not provide a rigorous theory (Wade 1990: 27). However, Johnson's main contribution remains having identified the decisive characteristics of the developmental state and, perhaps more importantly, the institutional mechanisms by which it becomes developmental.

1.2 Peter Evans: Embedded Autonomy

Evans constructed the dual-dimensioned concept of "embedded autonomy" to illustrate his argument that developmental outcomes of any country are largely conditioned by the form of state organisation, the bureaucratic elements as well as the nature of its ties with dominant societal interests (Evans 1989). According to Evans, the state is autonomous insofar as its bureaucracy cannot be instrumentally manipulated by powerful rent-seeking groups outside the state, but also embedded insofar as it is able to maintain close contact with dominant interests in society for the purpose of negotiating and soliciting necessary resource inputs required in the transformation process (Evans 1995: 12).²

² Evans shares three positions with Johnson. First, he also supports the notion that the state has an active and positive role to play in the industrialization





Evans bases his empirical argument on an institutional comparative analysis of four countries namely Zaire (now known as the Democratic Republic of Congo (DRC)), South Korea, India and Brazil. He differentiates the pre-bureaucratic, neo-patrimonial character of the predatory state in the DRC from the more closely Weberian character of the development state in South Korea, of which he says:

“...precisely the mirror image of the incoherent despotism of the predatory state, (it) is the key to the developmental state’s effectiveness. ‘Embedded autonomy’ combines the Weberian bureaucratic insulation with intense connection to the surrounding social structure. (...) Given a sufficiently coherent, cohesive state apparatus, isolation is not necessary to preserve state capacity. Connectedness means increased competence instead of capture” (Evans 1995: 50).

There are two salient features that characterize what he terms the “felicitous combination of ‘autonomy and embeddedness’” (Evans 1995: 164). First, the core feature of the revitalized state bureaucracy is the relatively privileged position held by a single pilot agency (Evans 1995: 156).³ The existence of a given agency with generally acknowledged leadership in the economic arena allows for the concentration of talent and expertise and gives economic policy a coherence that is absent in a less clearly organized state apparatus (Evans 1995: 157). Second, these bureaucracies are capable of binding the behaviour of both the incumbents and the private sector to the pursuit of collective ends (Evans 1995: 164-5). Confirming Johnson’s position on the strategic function of a capable and meritocratic bureaucracy, Evans adds:

“The efficacy of the developmental state depends on a meritocratic bureaucracy with a strong sense of corporate identity and a dense set of institutionalized links to private elites (...) Embedded autonomy depends on the existence of a project shared by a highly developed bureaucratic apparatus with interventive capacity built on historical experience and a relatively organized set of private actors who can provide useful intelligence and a possibility of decentralized implementation” (Evans 1989: 561, 575).

According to Evans, state capacity in respect of the relationship between the state and private enterprise is critical in determining the developmental role of the state (Evans 1995: 13-16, 58, 70-81, 209-210). With regard to this capability, he notes:

“The symbolic relation between the state and private capital is founded on the fact that the state has access to capital in a capital scarce environment. Through its ability to allocate capital, the state promotes concentration of economic power in its hands and aggressively

process. Second, he stresses the importance of contextualizing the emergence of the developmental state in the specific conjuncture of domestic and international factors. Third, he also highlights the historical sources of the exceptional bureaucratic capacities exhibited in East Asian developmental states (Evans 1995: 48; 1992: 164).

³ As an example, he cites the Economic Planning Board (ERB) in South Korea, which was chosen by former President ParkChung-hee to be a “superagency” in the economic arena. The powers of the agency included the coordination of economic policy through controlling the budgetary process.

orchestrates the activities of business interests. At the same time, the state is dependent on the private sector to implement the industrial transformation that constitutes its primary project and the basis of its legitimacy" (Evans 1992: 157).

To conclude, Evans underlines the point that the bureaucratic elements of the state may be one of the most important factors in explaining the divergent development outcomes of the countries under consideration (Evans 1992: 162; 1995: 58, 70-73).⁴ There are five major points worth noting with regard to Evans' contribution to the debate on the developmental state. First, he flags an important reminder to the advocates of the replication thesis in his observation about the rarity of archetypical bureaucracies, particularly those that characterized the developmental state in the East Asian region (Evans 1995: 39). Second, even in the most successful cases endowed with effective embedded autonomy, the state never fully managed to escape the dangers of particularistic interests. Third, Evans observes that the developmental state is not static and that it tends to progressively transform itself into "its own gravedigger" (Evans 1992: 165).⁵ Fourth, it is possible for the state to shift positions along the continuum of 'predatory – developmental states' suggested in the embedded-autonomy thesis (Evans 1992: 157).⁶ Finally, Evans observes that the developmental state was constructed under extremely challenging and not conducive conditions (Evans 1992: 164).

Two limitations with regard to Evans' concept of "embedded autonomy" should be noted. First, the integration of intermediary states on this continuum obscures the analytical sharpness and blurs the conceptual space of his analytical framework because the presence of intermediary cases implies that there is a single dimension on which states can move. Second, Evans's provides an impressive analysis of the bureaucratic elements of the developmental state but very little on other essential aspects of state formation, particularly the political and societal conditions, that accompany this form of bureaucracy.

⁴ For instance, in Brazil, the close relations (embeddedness) between the state and traditional oligarchy diverted the modernization project into a mechanism for mobilizing support for traditional power.

⁵ Evans observes that, to a surprising extent, the very success of the developmental state played a key role in the disintegration of developmental state-business relations as capital interests became increasingly independent and less dependent on the state for support, partly as a result of their own success and partly as a result of changes in business financing at global level. As a result of these changes, the state's relative dominance of the private sector significantly diminished.

⁶ When Park's regime took over power in South Korea, its goal seemed to be not just insulation from private capital but complete dominance over it. Criminal trials and confiscations were threatened and leaders of industry were marched through the street in ignominy as corrupt parasites. This soon changed when Park realised that he needed to harness private entrepreneurship and managerial expertise to achieve his economic goals.





1.3 Adrian Leftwich: The Primacy of Politics

Adrian Leftwich introduced both a theory and model of the developmental state that is centrally premised on political considerations. He emphasises that politics is the dominant variable which determines the concept of the developmental state as well as the developmental success or failure in all human societies. To use his own phrase, “development is inescapably political” (Leftwich 2000: 4). As he puts it, “... the explanation for the different development capacities and records of (...)Third World democracies turns crucially on the primary role of politics in shaping the character and capacity of the state” (Leftwich 1998: 55). In his view, appropriate politics in the sense of context, dynamics and purpose have been central in shaping the structures of developmental states, their development aims as well as their impressive performance (Leftwich 2000: 169).⁷

According to Leftwich, the emergence and consolidation of a developmental state is conditioned by the following six major factors (Leftwich 2000: 160-65). First, the developmental state is governed by a political elite which is developmentally-oriented and which demonstrates high levels of commitment and will in attaining economic growth. The state must possess sufficient capacity to influence, direct and set the terms of operation for private capital (Leftwich 2000: 163-4). Second, the developmental state is managed by a powerful, professional, highly competent, insulated and career-based bureaucracy.⁸ Third, the emergence of developmental states is associated with social contexts in which the presence and role of civil society has been weak, negligible and subordinate. Fourth, developmental states exhibit high levels of capacity for effective economic management of both domestic and foreign private economic interests. For instance, in the cases analysed economic bureaucratic institutions were entrusted with policy authority and the responsibility of managing the interaction between the state and key economic actors.⁹ Fifth, these states exhibit a record of an uneasy mix of repression and poor human rights adherence (especially for undemocratic developmental

⁷ Leftwich’s model of a developmental state is largely based on the experiences of a set of countries drawn principally from East and South East Asia, but also includes two African countries, Botswana and Mauritius.

⁸ Similar to Johnson and Evans, Leftwich posits that this bureaucracy enjoys a high degree of autonomy and authority to direct and manage the economy. He argues that this is what distinguishes developmental from predatory states often found in sub-Saharan Africa or Central America where bureaucracies are actually one of the major factors limiting developmental success, largely because of the large number of bureaucratic appointments based on political connections.

⁹ Examples include the Ministry of International Trade and Industry (MITI) in Japan, the Economic Planning Boards (EPBs) in South Korea and Singapore, and the Ministry of Finance and Development Planning (MFDP) in Botswana.



states). Sixth, the legitimacy of the political elite to govern is tightly linked to the state's ability to perform. He observes that while most of the regimes in developmental states were undemocratic, they tended to be sufficiently developmental (Leftwich 2000: 174). As a result, despite having a poor human rights record, ruling regimes in developmental states tend to enjoy widespread support and a high degree of legitimacy.

Leftwich argues that the development performance of a particular country is not a function of the regime type, but rather, it is decisively influenced by the "character of the state and its associated politics" (Leftwich 1993: 614). He argues that developmental states cannot be constructed out of institutional kits devised in western capitals or think tanks (Leftwich 2000: 168). He concludes that "it seems unlikely that it is possible in the modern world for any society to make a speedy and successful transition from poverty without a state that *in some respects corresponds* to this model of a developmental state" (Leftwich 2000: 169; emphasis by author).

Leftwich introduces a new feature to the understanding of the developmental state that had been sidestepped by other analysts. He not only makes a strong case for political considerations in the understanding of the developmental state phenomenon, but also makes a courageous attempt to highlight the conflictual relationship between development and democratic governance imperatives (Leftwich 2005: 686; 2002).¹⁰In doing so, he addresses a key argument raised by Pempel that the politics of how developmental goals emerge as a priority must be an important component of any study of developmental states (Pempel 1999).

However, there is one major issue to note with regard to Leftwich's approach. It is both a caution and question whether conditions of authoritarianism and insulation on the one hand and weakened social groupings on the other hand remain a necessity for undertaking a coherent developmental project under contemporary conditions. Therefore, what remains unclarified in Leftwich's model of the developmental state is the question of how the effective representation of major interests in society can be guaranteed.

1.4 Ha-Joon Chang: Institutional Political Economy (IPE) - An Alternative to Economic Neo-liberalism

The IPE approach serves two major purposes, namely to consolidate an alternative theory of state intervention and to provide an alternative framework to the neo-liberal paradigm (Chang 2003c: 3; 2003d: 50-52; 2002b; 1999: 185-7). Essentially, IPE addresses the four crucial elements of neo-liberalism, namely the state, the market, institutions and politics (Chang 2002b: 542). First, IPE asserts that the state has an important role to play not only to regulate the market system but actually construct and directly influence the operation of the

¹⁰ For a more detailed discussion of this issue, see section 3.5 below.



markets. He argues that virtually all of today's developed countries (including the champions of free trade and free markets, i.e. Britain and United States) became rich on the basis of policies that are contrary to the neo-liberal orthodoxy espoused under the Washington Consensus (Chang 2002c; 2002b: 547-548; 2003d).¹¹ He observes that even the successful East Asian states adopted a similar approach in the sense that their policies and institutions often significantly diverted from the Washington Consensus (Chang 2006: 2).¹² In contrast, most developing countries that have placed great faith in the primacy and the total freedom of the market have attained unsatisfactory development outcomes (Chang 2002b: 548). Chang concludes that blind faith in indiscriminate free markets and the exaggerated notion of the benefits of free trade remain the main flaws of the neo-liberal discourse (Chang 2003d). Chang argues that "economic development requires a state which can create and regulate the economic and political relationships that can support sustained industrialization – or, in short, a developmental state" (Chang 1999: 183). On this basis, Chang defines a developmental state as one that pursues policies focused on coordinating investment plans; has a national development vision; engages in institutional building to promote growth and development; and plays a critical role in resolving the conflicts that arise out of reactions and counteractions to the development trajectory between winners and losers (Chang 1999: 192-199). Central to this, the state must be capable of providing a vision for society and create new institutions required to achieve this vision (Chang 2003a: 50, 54).

Second, proponents of IPE oppose the notion of the market as a "free" and "natural" institution, together with its accompanying principle of state contraction (Chang 2002b: 546). There is no such thing as a "free" market, he argues. Rather, all markets are created and need to be regulated if they are to

¹¹ In "Kicking Away the Ladder" (Chang 2002c) demonstrates how today's high income countries are pressuring developing countries to pursue neo-liberal policies that they never pursued in their processes of climbing the economic ladder. Chang enlists the historical records showing that most contemporary advanced countries pursued protectionist policies such as trade tariffs, import bans or import quota restrictions and subsidies to protect their infant industries.

¹² Washington Consensus policies include liberalized international trade and investment, deregulation and privatization. In contrast to this, East Asian developmental states pursued policies that included, among others, pro-investment rather than anti-inflationary macroeconomic policy; the control on luxury consumption which served both economic and political functions; the strict control on Foreign Direct Investment (FDI) (in this case, with the exception of Japan that was considered to pursue an "open FDI policy,"); the integrated pursuit of infant industry protection and export promotion; the use of exports as a tool to exploit economies of scale; and, finally, the production-oriented as opposed to allocation-oriented measures of promoting competition.



serve the desired purpose in development (Chang 2002b: 544). He contends that the conventional market vs. institutions dichotomy is misleading as markets themselves are also institutions (Chang 2006: 50). Historically, and particularly with regard to the establishment of property rights and other market institutions, the emergence of the market order owes a lot to an active role of the state (Chang 2003d: 50).

Third, Chang observes that in most successful economic experiences, it is the state and not the market that has demonstrated effective capability to coordinate investment, make economic decisions, finance industry, discipline recipients of state-created rents and provide a development vision (Chang 1999: 182,194).¹³ He contends that these roles of the state become even more important in the case of developing countries: At this stage development requires the creation of rents by the state in order to induce investment in “infant” industries (Chang 2006: 28). In other words, market failure should not necessarily imply economic failure because there are many other institutions other than markets through which economic activities can be organized and sustained (Chang 2002b: 546). It is in this light that Chang argues that in the context of late industrialization backward countries must deliberately defy and violate the principle of comparative advantage in order to effectively compete with already established firms until they attain internationally competitive levels of productivity.¹⁴ Since IPE approaches regard institutions as both constraining people’s behaviour as well as being constitutive of their motivations and perceptions, it employs a “political economy” approach in analysing both the state as well as the market (Chang 2002b: 553).

Fourth, Chang argues that markets are fundamentally political constructs and, therefore, it is not possible or even desirable to completely depoliticize them (Chang 2002b: 555). The construction of markets and processes of defining ‘endowments’ for market participants is a highly political exercise (Chang 2002b: 559). There is evidence showing the success and development benefits of certain politicized varieties of economic management (Chang 2003c: 50-1). For these reasons, the role of politics in the market must be seen as a process through which people with different, and equally legitimate, views on the contestability of the existing rights-obligations structure vie with each other (Chang 2002b: 555-6).

Two issues are fundamental with regard to Chang’s perspective on the developmental state. First, Chang brings back to the fore one of the long-

¹³ As observed by Wade, East Asian countries, in particular Japan, Taiwan and South Korea, have not maintained a neutral policy regime as advocated by neo-classical development economists. Instead, the state in these countries has fostered the development of many new industries, and successfully so, in the sense that those industries became internationally competitive. Therefore, a neutral policy regime (that relies on the market) is not a necessary condition for the rapid attainment of growth (Wade 2004: 130).

¹⁴ A similar argument has been advanced by Amsden 1989 and Wade 1990.



standing points of disagreement between the supporters of the developmental state and advocates of neo-classical theory, namely the role of the state in development. Second, clearly demonstrating his dissatisfaction with the partial changes undertaken by neo-classical thought to the various challenges encountered in the past decades, Chang makes a courageous attempt to provide a coherent alternative development paradigm to the neo-liberal approach.

1.5 Linda Weiss: Thinking About Globalization

Linda Weiss's contribution focuses on providing the answer to the question: Has globalization rendered the developmental state approach irrelevant? (Weiss 2000) In her view, state power has actually played a key role in advancing the process of globalization. Globalization has led neither to the erosion of state power nor to intense global integration of economic activity. Rather, it has resulted in the strong internationalization of economic activities (Weiss 2003; 1998: 4-7). State power, Weiss argues, has not declined, but rather the state's behaviour has changed in response to the new global circumstances (Weiss 1999: 6). She contends, therefore, that neo-liberal claims about the demise of the developmental state as a result of globalization ignore the adaptable nature of these states. Weiss points to three essential adaptive capabilities, namely the formulation of transformative goals, a pilot agency, and institutionalized government-business cooperation, that make it possible for developmental states to creatively and innovatively engage in the globalized economy (Weiss 2000: 23). Central to this adaptation process has been the strengthening and expansion of governing capacities, particularly in terms of transforming state-private sector relations and policy strategies. Weiss observes that, if anything, developmental states have displayed incredible transformative abilities by being able to undergo changes as dictated by external forces while maintaining their developmental credentials.¹⁵ She contends that these states have the capacity to create tools that enable them to adjust more effectively to the external environment and, more importantly, facilitate the internationalization of state capabilities leading to "state-facilitated internationalization". She observes that as a result of these capabilities, the forces of liberalization have failed to fully unseat the state in its dominant role of promoting industrialization (Weiss 2000: 33).

According to Weiss, the course of state action under the contemporary conditions of globalization has been determined to a large extent by the prior constellation of regime goals and institutional arrangements (Weiss 2003: 24). As a result, the development process in East Asia turned out to be neither unidirectional nor irreversible, but rather it involved a combination of neo-

¹⁵ Weiss makes a clarification that the adaptation capacities are not the same for all countries. For instance, she observes that the relatively weaker developmental capacities of the state in the second-generation NICs, i.e. the South East Asian economies (Malaysia, Indonesia and Thailand), have rendered these economies more vulnerable to external pressures than their northern counterparts.



liberal techniques and a re-composition of familiar institutional arrangements (Weiss 2000: 22). Weiss concludes that the developmental state can and has survived both the external reformist pressures and competitive pressures generated by globalization. In her view, developmental states are neither breaking down nor becoming redundant but have been transformed by the globalization process. Far from 'normalizing' developmental states have entered a process of continuous transformation, in the sense of adapting, dismantling and innovating themselves to fit in this new global economic order (Weiss 2000 : 25-45).¹⁶

Weiss makes two significant contributions to the debate on the developmental state. First, she confirms Evans' observation that the developmental state is not a static but a dynamic phenomenon. Second, and perhaps more crucial, Weiss's contribution helps to clear some uncertainties and scepticism about the future of the developmental state concept. However, the boundaries between "demise" and "adaptation" still remain unclear in Weiss's core thesis. For instance, to what extent can the diminished overall control of the state over the economic process in the contemporary East Asian context be considered an adaptation?

2. Defining Features of the Developmental State

Based on the theoretical contributions referred to above I will now proceed to discuss what I have identified as the defining features of the developmental state. This synthesis draws largely – though not exclusively – on the experiences of East Asian developmental states. The four features I discuss are development-oriented political leadership; an autonomous and effective bureaucracy; a production-oriented private sector, and performance-oriented governance. I conclude this section by making some critical comments about the developmental state concept as summarized by these four features. These comments pave the way for the analysis in the subsequent section of the relevance of the developmental state in Africa.

2.1 Development-Oriented Political Leadership

Numerous analysts highlight the essentiality of development-orientated political leadership bound together by a powerful economic and political ideology focused on development (Amsden 1989; Beeson 2003; Woo-Cumings 1999; Wade 1990). In the case of the East Asian developmental states it has been observed that the political elites in these countries were able to devise

¹⁶ 'Normalising' here refers to the globalists' prediction that an increasing number of states adopt market-based ideals of the American model as a result of globalization – thus, strengthening neo-liberal approaches to development.



functional state institutions that facilitated both political stability and economic development (Waldner 1999: 1). These elites gave the bureaucracy sufficient scope to take initiatives and act authoritatively in pursuit of the desired development goals (Weiss 2003: 24; Wade 1990). Deyo observes that the unique capacity of the East Asian states was rooted in the political alliances, domestic authoritarian rule, and effective economic institutions – resulting in the effectiveness of state intervention in the market place (Deyo 1987). As aptly captured by Wade:

“While the bureaucrats ‘rule’, politicians ‘reign’. Their function is not to make policy but to create space for the bureaucracy to manoeuvre in while also acting as a ‘safety valve’ by forcing the bureaucracies to respond to the needs of the groups upon which the stability of the system rests: that is, to maintain the relative autonomy of the state while preserving political stability” (Wade 1990: 26).

Circumstances which give rise to a development-oriented political leadership can be quite diverse. Based on the initial experiences of East Asian countries Johnson and other analysts link the origin of such political leadership to conditions of “systemic vulnerability” comprising three major elements, namely a broad coalitional commitment, scarce resource endowment and severe security threats (Doner et al. 2005: 329; Woo-Cumings 1999: 9; Castells 1992: 57). According to Waldner, this leadership grows out of a political context characterized by the virtual absence of pressure to incorporate popular classes and engage in state-based side payments (populist side payments), thereby giving these leaders scope to provide institutions conducive to economic development. Basically, he argues that in developmental states state-building and institutional arrangements precede incorporation of the lower classes (Waldner 1999: 2).

Other analysts suggest that a development-oriented leadership evolves from of a clear consensus within the governing elites, both administrative and political, over the scope and direction of development (Weiss 2000; Mardon 1990; Pempel 1999: 139, 175). As a result of their high levels of acumen and sufficient economic credibility, these political elites were able to win the trust and cooperation of the bureaucrats as well the private sector (Huff et al. 2001). Finally, Amsden and Wade argue that interests of political survival and legitimacy propelled political elites towards a developmental orientation (Amsden 1989, Wade 1990). It is also claimed that these leaders were either relatively uncorrupted, non-predatory or had limited personal gains, and thus did not impede investments but rather facilitated the expansion of national productivity (Fritz/Menocal 2006: 8-9).¹⁷ On the basis of these observations, Weiss and Thurbon conclude that state-directed development under the developmental state approach is not just about policy but, more importantly, it

¹⁷ For instance, the key pioneer of development in South Korea was a military general, who seized power through a coup but is considered a typical authoritarian development-oriented political leader because of his strong will to promote capitalism under state guidance. It was under his rule from 1961 to 1979 that South Korea experienced effective policy design and implementation.

is about sustained political will to govern the market in accordance with development aspirations (Weiss/Thurbon 2004: 63).

2.2 Autonomous and Effective Bureaucracy

Compared to other developing regions the autonomy, capability and effectiveness of the bureaucracy in the East Asian developmental states is outstanding (Clapham 1996: 162; Wong 2004; Booth 1999: 305). This is traced back to the presence of bureaucracy in the Weberian tradition which prioritizes meritocratic recruitment, provides promotion incentives, shows rationality and guarantees high levels of prestige and legitimacy to bureaucratic officials (Johnson 1982: 20; 1995; Evans 1997; Evans/Rauch 1999). Onis supports this observation:

“Rigorous standards of entry not only ensured a high degree of bureaucratic capability, but also generated a sense of unity and common identity on the part of the bureaucratic elite. Hence the bureaucrats were imbued with a sense of mission and identified themselves with national goals which derived from a position of leadership in society” (Onis 1991: 114).

Long-term career rewards created commitment and a sense of “corporate coherence” that gave the bureaucratic apparatuses a certain kind of autonomy (Evans 1995: 12-13, 48-9). Moreover, the bureaucracy was able to exhibit such uncommon levels of autonomy and effectiveness when they were effectively insulated by the political elites from unproductive interference (Pempel 1999: 144). As a result, decision-makers and technocrats were able to effectively formulate economic policy, forge business alliances and direct state interventions in the economy (Aryeetey/Nissanke 2003). Most notable, the bureaucracy was not only able to protect itself from particularistic private sector interests but it was also strong enough to cooperate with the same in a productive manner (Beeson 2004: 29). These bureaucracies were also able to construct markets as well as promote actors to operate in these markets. They also set the performance criteria and disciplined the private sector firms that did not measure up to the set standards of performance (Booth 1999: 305). By using “carrots” and “sticks”, in other words, the bureaucracy was able to influence the industries’ decision-making (Leftwich 1995: 412). More crucial, the state itself was disciplined in a manner that prevented predatory, disruptive rent-seeking behaviour or the abuse of power (Amdsen 1989: 148).¹⁸

To maintain the role of the controller, these bureaucracies exhibited a rare form of well-developed administrative capacity which rested upon two major elements: a powerful set of policy instruments and a specific form of state organization (Wade 1988: 130; Kim 2008: 70). In this context, the bureaucracy went well beyond the Anglo-Saxon model, most clearly in the manner with

¹⁸ Even political rent-seeking activities were tuned to market sanction, e.g. the Korean Chaebols or the Japanese zaibatsu and keiretsu were expected to meet performance standards in order to access various rents. In most developmental states, possibilities of predation were constrained by the presence of functional institutional safeguards.





which the state was effectively able to harness “market-conforming”, “market-guiding”, “governed market”, “governed interdependence” and even deliberately “market distorting” interventions (Johnson 1982; Wade 1988: 54; 1990: 6; Amsden 1989; 1992). These administrative capabilities are attributed largely to the enormous power that the state bureaucracy wielded over corporations through their control over banks and other financial sources (Chang 2006: 29). On the basis of this institutional arrangement, the state assumed overall command and authority to direct both domestic and international forces and, more importantly, was not under pressure to “buy-out” rent-seekers (Haggard 1989: 1-21). In conclusion, the responsibilities assumed by the bureaucracy, as Amsden argues, “provide supporting evidence for the proposition that economic expansion depends on state intervention to create price distortions that direct economic activity toward greater investment” (Amsden 1992: 14).

2.3 Production-Oriented Private Sector

A production-oriented private sector has been at the centre of the rapid progress of industrialization and modernization that occurred in the East Asian developmental states (Aküyz 1999: 1; Booth 1999: 306). Delivering high economic performance with necessary speed and flexibility was set as the overarching development goal by these states (Westphal 2002; Amsden 1989: 316).¹⁹ As observed by Amsden, state intervention in the East Asian developmental states marked a different type of capitalism, in which the primary purpose of intervention was to promote the interests of the business sector, create conditions for capital accumulation and productivity improvement (Amsden 1989). In pursuit of this goal, the state utilised a wide range of institutional instruments to poke and prod domestic firms to meet domestic and international business standards, productivity levels, and organisational and technical capacities. These instruments included selective and strategic use of protectionism, provision of industrial subsidies and programmes tied to performance standards and targets, and the creation of business coalitions amongst industrial capital and financial capital and the state (Wong 2004: 350).

Based on long-term institutionalized alliances among political power, financial and industrial capital, these state-private sector partnerships were crafted on the principle of reciprocity, such as connecting subsidies to performance, and acted as an incentive for productivity (Wade 2000; Woo-Cumings 1999: 15). For instance, the use of exports as a criterion for allocating

¹⁹ Focusing on South Korea, Chang argues that economic success was based on a conception of economic development which encompassed far more than mere trade strategy. The development strategy included the establishment of long-term targets for growth and structural change, investment in productive facilities and infrastructure, the supply of an adequate labour force with industrial competence and discipline, and technological catching-up and development (Chang 2006).



credit and the provision of subsidies encouraged the adoption of international standards, and accelerated the diffusion of technology (Amsden 1989: 143-44). The state was not only able to secure the survival and the ability of the private sector to compete at any level but, more crucially, was able to “create” and “reward” in addition to “picking” good performers as well as “punishing” bad ones (Wade 1990; Amsden 1989: 16). In this way, the state was able to promote long-term investments among the industrial elites that resulted in sustained industrial development in East Asian countries (Low 2004: 5).

2.4 Performance-Oriented Governance

Developmental states are found to enjoy the support of their constituencies because they are associated with promoting rapid economic growth and providing economic benefits to both the ruling elites and the general citizenry (Weiss 2000: 26; Chang 2003d; Leftwich 2002: 270). This approach to development has commonly been referred to as “growth with equity”. As observed by Chang:

“...the achievements of the region’s economies did not stop at income growth. Their records in terms of improvements in infant mortality, life expectancy, educational achievements and other indicators of ‘human development’ have also been very impressive, even considering their income growth” (Chang 2006: 1).

There are two major issues worth noting with regard to the governance-orientation of the developmental state. First, the ruling elites in these countries demonstrated high levels of commitment to poverty reduction. They began to address equity concerns from the early stages of the transformation process on (Booth 1999: 304; Aküyz et al. 1999: 43; Hort/Kuhlne 2000: 167-168).²⁰ As a result, the rapid industrial growth in East Asia was paralleled by a favourable pattern of income equality, low unemployment and the near elimination of grinding poverty (Deyo 1987: 2).²¹

Second, successful economic performance was the primary source of political legitimacy. Political elites largely depended on delivering growth with equity as a means of strengthening their legitimacy and support base (Kwon 1999; Yang 2000; Koo/Kim 1992: 125; Kim 2007: 120). Haggard observes that fast economic development generated a broader “growth coalition” and supportive policies which sustained an institutional and political framework, and this success became the survival basis and legitimacy of the regimes in East Asia (Haggard 1989; 1990). As aptly put by Johnson:

²⁰ Today, East Asia is literally the richest part of the world outside the old industrial centres of Western Europe and North America. In the early 1960s, the richest economy in East Asia, Japan, was on a par with South Africa and Chile in terms of per capita income, while the poorest one, South Korea, had a per capita income less than half that of Honduras (Chang 2006: 1).

²¹ Most remarkable of all, according to Deyo, the economic achievements occurred in small countries bereft of the natural and physical resources that have accounted for growth elsewhere.



“The source of authority in the developmental state is not one of Weber’s ‘holy trinity’ of traditional, rational-legal, and charismatic sources of authority. It is, rather, revolutionary authority: the authority of a people committed to the transformation of their social, political, or economic order. Legitimation occurs from the state’s achievements, not from the way it came to power” (Johnson 1999: 53).

It is in this regard that Castells argues that a state is developmental when it establishes as its principle of legitimacy its ability to promote and sustain development which is understood as the combination of steady and high rates of economic growth and structural change in the productive system, both domestically and in its relationship with the international economy (Castells 1992: 56). Berger concludes that the experience of East Asian developmental states is “a case of successful industrialisation that combines growth with equity from the beginning of the modernisation process” (Berger 1987: 163).

2.5 Comments on the Developmental State Concept

The defining features of the developmental state are principally based, as the preceding analysis has shown, on the experiences of East Asian countries. There can be no doubt that their experiences are invaluable for developing countries elsewhere seeking ways and means to advance their own economic and social development. Some critical comments, however, have been made on the developmental state concept. As cautioned by Woo-Cumings, the developmental state can be “good” in terms of its effectiveness but “[i]t can also be ugly – undemocratic and authoritarian, explicitly or implicitly” (Woo-Cumings 1999: 19-20). Two points are especially noteworthy in this context.

First, developmental states are said to have a close affinity with authoritarian politics and are based on an understanding of the state as both autonomous and imposed on society (Randall 2007: 633). The postulate of an autonomous and insulated bureaucracy fits in with these characteristics. Indeed, most East Asian developmental states were governed by dictatorial leaders and even those considered democratic tend to have systems that intertwine democratic ideals with authoritarian politics (Mackie 1998: 366-7, 40-41; Kim 2007: 121).²² Hood summarizes these experiences as follows:

²² Taiwan and South Korea were certainly authoritarian regimes in the early phases of their post-independence economic development. Thailand was also an authoritarian regime at the time of its rapid growth phase. In the case of Japan, it is argued that the origin of the developmental state can be traced back to the Meiji era, an undemocratic period of time in the history of Japan. Likewise, Malaysia and Singapore have long had the formal trappings of democracy, but the actual practice of representative government did not become more democratic: Singapore has been in practice a highly authoritarian one-party system and Malaysia has been semi-democratic, or “responsive-authoritarian”. Indonesia demonstrates a striking case because its rapid economic growth from 1966 to 1997 gave rise to an immense increase in the power of the state, largely concentrated in the hands of President Suharto, with a highly personalized and patrimonial system of

“The model of the developmental state (...) is inconsistent with the vision of a pluralistic form of democracy, in which a multitude of small-scale interest groups enjoy broadly equal and unrestricted access to the state” (Hood 1998: 859).

As a general assertion, this conclusion has been challenged. The main argument advanced by analysts in support of a democratic developmental state is that it is possible for developmental states to be democratic, possibly even necessary. Randall, for instance, contends that the persistence of authoritarian systems is a major hindrance not only to political development but also to economic progress (Randall 2007: 635). Lange and Rueschmeyer also argue that democracy has a critical role to play in enhancing the effectiveness of the state in development (Lange/Rueschmeyer 2005). Therefore, it would be imperative for a developmental state to possess both a clear commitment to national development and pursue this commitment in an inclusive manner (Fritz/Menocal 2007).

The demand for the developmental state to also be democratic has been particularly strong with reference to Africa (Mkandawire 2005: 47; 2006: 26; Edigheji 2005; Turok 2008).²³Mkandawire contends that only a “democratic” developmental state characterized by strong systems of checks and balances is suitable for the African context and cites Botswana and Mauritius as successful examples (Mkandawire 2001; 2005; 2006). Edigheji advocates for a democratic developmental state that is based on broad-based state-society alliances and ensures popular participation in the governance and transformative processes (Edigheji 2005).

Second, with only a few exceptions, civil society is an unrecognized or weak element in most of the perspectives advanced on the developmental state concept. Leftwich is quite explicit in this respect when he suggests that “it seems that this weakness or weakening of civil society has been a condition of the emergence and consolidation of developmental states” (Leftwich 2000: 164). Some modifications of this view have been put forward. Woo-Cumings, for instance, contends that the developmental state is not an imperious entity lording it over society but a partner with the business sector in a historical compact of industrial transformation (Woo-Cumings 1999; Johnson 1982). Similar notions include the concept of “embedded autonomy”, soft authoritarianism and governed interdependence (Evans 1995; Wade 1990; Weiss 1998). Though important, these modifications confirm that in both authoritarian and so-called “democratic” developmental state regimes institutionalized state-society relations were largely confined to interest groups perceived by the state as essential to the attainment of set productive goals.

The exclusion of civil society has significant governance implications, particularly with regard to the representation, consultation, oversight and participation of non-economic actors (Mkandawire 2005; 2004a;

government that totally excluded civil society (Mackie 1998: 336-7; Crouch 1996).

²³ See section 3.5 below.





Robinson/White 1999; Haggard 2000). As a result, a majority of developmental states were found to be intolerant to dissenting voices or to social groups they considered to be economically unproductive (Kwon 2007).

These critical comments on the development state concept are particularly important as I move to the third section of this contribution in which I discuss the relevance of the developmental state concept for Africa.

3. The Developmental State – Its Relevance for Africa

In this section I begin by looking back at African countries' post-independence experiences which were characterized by ultimately unsuccessful state-run development efforts. Lessons learned from these early post-colonial failures need to inform present-day development aspirations. Views which argue that the developmental state concept is not feasible under prevalent conditions in Africa are discussed, and the arguments, principally from African academics, which refute the "impossibility theorem" are presented. I uphold the view that poverty and underdevelopment in Africa require the intervention of a developmental state and conclude by supporting the case for a democratic developmental state in Africa.

3.1 The Post-colonial Experience of "Developmentalism"

A discussion of the relevance of the developmental state concept for Africa must necessarily begin by referring back to the initial post-colonial experiences of African countries in the 1960s and '70s because these were characterized by state-led interventions and have been seen to be an expression of "developmentalism" (Shivji 2005).

At independence the nationalist parties in many countries which had taken over political power from the colonial administration faced the task of nation-building as well as pursuing economic and social development. Given the weakness of the indigenous private sector the new states were under pressure to assume considerable economic responsibilities. In fact, they became the main economic actor involved in a wide range of activities that included not only social and economic infrastructure but also the ownership and management of productive industry. This far-reaching state involvement also reflected the nationalist ideology of overcoming colonial-capitalist control of the economy and the concomitant neglect of human development. In terms of social services, i.e. education and health, notable achievements were made. Overall economic development, however, hit hard times in the course of the 1970s, precipitated also by world market conditions. Nonetheless, Mkandawire asserts that "for most of the first generation of African leaders 'development' was certainly a central preoccupation", and he adds:

"In Africa, we have many examples of states whose performance until the mid-1970s would have qualified them as 'developmental states' (...), but which now seem anti-developmental because the hard times brought the economic expansion of their countries to a halt" (Mkandawire 2001: 295, 291).



Ake defends a quite different point of view. He sees post-colonial ruling parties pursuing not only nation-building and socio-economic development, but first and foremost seeking to consolidate their own power. They implemented interventionist policies in order “to facilitate the appropriation of wealth by means of state power” (Ake 1996: 6). Such politics of power in Africa were “the greatest impediment to development” (Ake 1996: 2), no matter that the ruling elites propagated development as their aim. Indeed, as Ake argues:

“The politics that rendered development improbable has made the adoption of an ideology of development inevitable. For the political elites struggling to maintain their power and to reproduce their domination amid the problems of the postcolonial era, the ideology of development has been an effective strategy of power that addresses the objective necessity for development” (Ake 1996: 16).

Mkandawire and Ake’s conflicting interpretations serve to remind us that Africa consists of many countries whose post-colonial experiences in some cases have differed substantially. There is certainly a world of difference between Tanzania under Nyerere’s leadership and Zaire under Mobutu’s rule. Nevertheless, the economies of both countries and many others, after the phase of post-colonial developmentalism, entered an extended period of “permanent crisis” (van de Walle 2001). If seen in the light of the defining features of the developmental state, outlined above, it becomes clear that post-colonial developmentalism suffered from serious deficiencies.

Development-oriented Leadership. Mkandawire’s assertion that development was a central preoccupation for most first generation leaders in Africa may be stretching things too far, but it certainly can be held to apply to a number of them, such as Kaunda in Zambia, Nyerere in Tanzania or Nkrumah in Ghana. In these cases, developmental state ambitions were pursued after independence. However, the development project was not supported by sustainable visions of development. The main weakness was overbearing statist intervention in the economy. Supported initially by primary sector export income, poorly performing state-owned enterprises were kept on the books and subsidized by the treasury, becoming a major drain on scarce foreign exchange reserves. In addition, excessive statism encouraged rent-seeking behaviour which detracted economic actors from productive activities (Bates 1981: 11-14). Eventually these projects had to be abandoned as developmental failures.

Autonomous and Efficient Bureaucracy. Although the post-colonial state assumed a huge economic role, it did not have the manpower and lacked the regulatory capacity and administrative ability to efficiently manage the tasks at hand (Nissanke/Aryeetey 2003: 4; Englebert 2000; van de Walle 2001). The bureaucracy in post-colonial Africa also lacked the autonomy deemed necessary in a developmental state. This had detrimental effects on the performance of the bureaucracy, particularly with regard to policy making and implementation. It also made the bureaucracy susceptible to predatory behaviour (corruption, rent-seeking, abuse of public resources) and a basic lack of accountability (Olukoshi 2004). In most cases, post-colonial bureaucracies are said to have been “part of the problem” because they failed in their role as policy and public resource custodians (Olowu 2003: 107; Chazan/Rothchild 1993: 188).



Production-oriented Private Sector. The private sector did not play a significant role in the national development process during the post-colonial era. On the one hand this is understandable given the weakness of indigenous business after independence. More significantly, however, the state in post-colonial Africa was instinctively opposed to private sector development and did not recognize the private sector as a crucial development player (Stein 2000: 18). There was a lack of incentive mechanisms to encourage private investment. Instead, state dominance of the economy led to the neglect and crowding-out of the private sector from the economic arena. To be successful businesspeople depended heavily on political connections rather than performance. Such state-business relations encouraged corrupt practices to secure contracts and negatively affected business efficiency and productivity.

Performance-oriented Governance. Most post-colonial African states opted for one-party systems of rule shortly after independence.²⁴ As a result, regimes that were autocratic and intolerant to dissent came to characterize the continent. Proclaimed as appropriate for the dual tasks of nation-building and socio-economic development, they served more often than not, as Ake has argued, to bolster the ruling elites' power and to facilitate their self-enrichment, in short: to establish predatory rule. Although varied in degree, regimes under predatory rule were based on intense personalization of authority and were not conducive to performance-oriented governance. Ruling elites in such regimes depended on the distribution of spoils to stay in power and diverted huge amounts of public resources for patronage purposes, detracting from genuine development efforts in the process (Goldsmith 2004: 91; Acemoglu 2005; Englebert 2000).

While nationalist and developmental aims were articulated by post-colonial states, developmentalism in Africa in the 1960s and '70s was characterized by weak state capacity and ineffective statist intervention in the national economy; the neglect of production-oriented private business; and excessive forms of autocratic and predatory governance. These features undermined the initial efforts by some nationalist leaders to establish developmental states. The political and economic crises which resulted from post-colonial statist experiences in Africa must, in conclusion, be seen as the outcome of states which lacked essential features of a developmental state.

3.2 The Impossibility Theorem

The "impossibility theorem" is a notion used to argue that the developmental state approach is not viable in Africa and, more specifically, to express scepticism as to whether the East Asian development experiences can serve as a model for Africa (Mkandawire 2001). It has been influenced by several points of view. One view posits that the unique and specific circumstances which led to the emergence of developmental states in the region of East Asia cannot easily be replicated. Another view suggests that replication or emulation of the

²⁴ Of the very few African countries which retained democratic rule after independence, two – Botswana and Mauritius – were also successful in establishing developmental states.



developmental state is not possible given the significant changes in global conditions, in particular economic globalization. This view gained greater momentum with the perception that the developmental state concept died following the East Asian financial crisis in the late 1990s (Fine 2006). Furthermore, prevailing conditions in Africa are also seen by some analysts as supporting the impossibility theorem.

The Impact of Globalization on National Governance. Advocates of the 'impossibility theorem' contend that the developmental state approach is inherently incompatible with globalization. First, it is argued that the contemporary international regulatory architecture and the dominance of the neo-liberal paradigm have created a less hospitable environment for the viability of the developmental state approach (Beeson 2004: 34, 38, 39). Second, pressures for governance reforms as well as the proliferation of other development actors such as civil society, supra-national governance agencies and business networks have undermined the entrenched and institutionalized tripartite relationship between industrial, technocratic and political actors that has been central to the survival of the developmental state (Kang 2002: 10; Beeson 2004: 34; Pang 2000; Pempel 1999; Woo-Cumings 1991: 203). Third, it is argued that the high profile economic intervention favoured by East Asian governments is no longer sustainable and, more importantly, has withered given the fundamental economic changes at global level (Low 2004: 3). Fourth, the appearance of global agencies has resulted in the reduction of the political authority and centrality of the state in public decision-making processes (Kwame 2003). Therefore, it no longer makes sense to advocate for replication of the developmental state approach given that its prominence has significantly decreased.

The Problem of Transferability of Institutions. The advocates of the impossibility theorem further argue that it is impossible to replicate the developmental state approach because of difficulties involved in emulating institutions. First, it is argued that the practice of developmental states cannot be replicated mainly because the institutions associated with the East Asian developmental states are both highly contextual and time-specific. For instance, Hewitt argues that none of the Four Tigers provide a model that can be replicated in territorial states of the Third World because of the uniqueness of the institutions, international relations and geographical conditions that characterized these countries: Singapore and Hong Kong being city states and not territorial, while South Korea and Taiwan had special relations with two First World states, namely Japan and the United States, which no other Third World country can emulate (Hewitt 2000).

Second, the problem of transferability of developmental state institutions is linked to East Asian societal traditions and culture. It is argued that the developmental state is unique to East Asia because it was underpinned and profoundly influenced by Confucian values such as education, hard work, frugality and business ambition (Hong-jong 2003: 32-3; Low 2004: 4; Onis 1991: 13). For instance, Castells makes the case that the strong states in East Asian societies were developed on the basis of a nationalist project influenced by cultural and political identity (Castells 2000). Confirming this perspective, Sandbrook observes that the patriotic and self-abrogating nationalist elite that



emerged in East Asia largely as a result of acute external threat only seldom occurred in the African context where elites faced similar threats (Sandbrook 1993: 23-24).

Third, it is argued that the transitional character of the developmental state makes the transferability of institutions and emulation of the approach impossible because its emergence was largely determined by a particular geo-political and historical context (Hoogvelt 1987: 213). Premised on the "demise thesis" it is argued that a developmental state has a timed lifespan after which it successfully obviates itself (Moon 1999: 220; Fine 2006: 107; Huff 1999: 234). Overall, in Beeson's view, there are particular and fundamental preconditions which existed in the post-World War II situation that would make it hard even for the East Asian countries to replicate their own developmental state experiences under current post-Cold War conditions (Beeson 2006).²⁵ These unique properties make the "strait jacket" transfer of the developmental state model difficult (Leftwich 2000).

Absence of Institutional and Governance Capacities. Supporters of the impossibility theorem also argue that the replication of the developmental state model is largely determined by the degree of state capacity available in the would-be developmental state (Beeson 2004: 36; Lewis 1996). Since most developing countries lack this capacity, the realization of a developmental state in the Third World is seen as an unrealistic option (Rapley 1996: 138-154). Particularly with regard to Africa, it is argued that the differences in institutional capacities between East Asia and Africa would limit the replication of the developmental state model (Morrissey 2001). Callaghy and Ravenhill agree that the state capabilities necessary for a development strategy such as the East Asian one do not exist in Africa (Callaghy/Ravenhill 1993: 525). In this regard, Andreasson submits:

"Thus the emergence of a developmental state would be a truly novel occurrence in Africa. This also suggests that we should not underestimate the vast differences in socio-cultural, economic and political developments that have produced welfare states in Europe, 'tigers' in East Asia, and nothing of the sort in Africa" (Andreasson 2007: 8-9).

Governance Limitations. Supporters of the impossibility theorem have gone further to argue that the adaptability of the developmental state to the African context is constrained by the continent's "ubiquitous" failure of governance, as evidenced by abject poverty, widespread corruption in the public realm, violation of human rights and political instability (Quashigah/Okafor 1999: 165; Chabal et al. 2002: 42-43, 88-89; Joseph 2003: 159). Birdsall adds that Africa lacks the adequate political superstructure and leadership required to pursue developmental policies (Birdsall 2007: 580). As a result of these governance

²⁵ According to Beeson, East Asian state-led development was feasible for much of the post-war period partly because it was tolerated by the United States, the hegemonic power of the era, and because the expanding world economy facilitated export-oriented industrialization. In the context of the Cold War, the United States privileged security issues and the cultivation of successful capitalist allies over questions of ideological purity, implying that successive American administrations were prepared to overlook certain political practices and forms of economic organization.



limitations there is insufficient commitment by the state elite to development imperatives (Fritz/Menocal 2007: 535; Stein 1995: 19-20). In this regard, Chabal observes:

“While in South-East and East Asia, for instance, the state was indeed often directly responsible for bringing about impressive rates of economic growth, in Africa, it has been the chief instrument of (individual and collective) neo-patrimonial drive. It has enabled the holders of state power and all those connected to them through multifarious networks to have access to the resources which the state commands. These resources have been utilised for purposes which on the whole have not contributed to sustainable development – exchange, consumption and accumulation rather than investment and production” (Chabal 2002: 40).²⁶

In a nutshell, it is argued that with only a few exceptions, such as Botswana, Mauritius and South Africa, African countries lack three key political governance preconditions of a developmental state, namely a viable state, secure legitimate political order and sufficient national authority (Bratton/Chang 2006: 1059, 1066; Diamond 1999; Joseph 1999; Gyimah-Boadi 2004).

3.3 ThandikaMkandawire – The African Perspective: Limitations of the Impossibility Theorem

Given the poor performance of African countries in the post-colonial era, particularly under state interventionist policies, it is understandable that the impossibility theorem has drawn their capability to establish developmental states into question. Nevertheless, this view has been challenged by a number of analysts. Foremost among these is ThandikaMkandawire, whose essay “Thinking about developmental states in Africa” specifically deals with the limitations of the impossibility theorem. He does not ignore the deficiencies of many African countries’ development experiences, but argues that there tends to be a lack of differentiation in assessing their performance and potentiality on the one hand and the achievements of East Asian developmental states on the other. His contribution is informed by the contention “that most of the analyses about African states that have led to so much despondency about the prospects of development are based on invidious comparison between African states in crisis and idealised and tendentiously characterised states elsewhere.” (Mkandawire 2001: 290)

Globalization and Global Politics. The question whether or not the developmental state is viable under current global development conditions has been a recurrent theme in academic and policy circles. International development agencies, the World Bank in particular, have consistently argued that the developmental state approach is not appropriate to non-East Asian societies (World Bank 1993). Against the background of failed developmentalist experiences in the first two post-colonial decades this case has been pushed strongly with regard to Africa. However, the lack of success of many IMF and

²⁶ In this context, what mattered principally was the ability of the patrons to meet the demands of their clientele rather than their performance as national leaders. In short, the patron-client relationship and not developmental performance solidified the position of the incumbent.



World Bank-sponsored structural adjustment programmes, inspired by the neo-liberal Washington Consensus has weakened this line of argument.

Challenging this position, Mkandawire and other analysts have argued that the impossibility theorem is characterized more by an ideological preference of the market approach to development rather than a careful analysis of the role of the state in development (Mkandawire 2001; 2003; 2004c: 311-16; UNCTAD 2007; Chang 2006). Chang, in particular, has criticized as ideological the neo-liberal position which sees the market as a natural phenomenon while other institutions are not:

“More generally, we should point out that the view that countries need to have some ‘special’ (bureaucratic and other) capabilities before they can adopt some economic ‘model’ that is not predominantly ‘market-based’ (e.g. the East Asian model) is based on the mistaken mainstream belief that while markets as ‘natural’ phenomena can be transplanted anywhere, ‘institutions’ (including the modern bureaucracy), as man-made things cannot” (Chang 2006: 50).

In this context Chang reminds us that the neo-liberal position has even questioned the “desirability, sustainability and replicability” of the developmental state experience in successful East Asian countries (Chang 2006: 17). His rejection of this position is supported by Weiss who, with specific reference to current global conditions, argues that development states are not becoming redundant but have entered a process of transformation in the sense of adapting and re-inventing themselves to fit in the new global economic order (Weiss 2000: 25-45). Mkandawire argues that African states are also capable of such innovative processes (Mkandawire 2001: 309).

Transferability and Viability. The limitations of the impossibility theorem with regard to the issues of transferability and viability are implicit in Weiss’s assertion that a developmental state is adaptable to changing conditions even in the East Asian environment. In other words, the developmental state is not a pre-determined model but a developmental concept based on certain features which can and need to be adapted to different conditions in time and space. UNCTAD in a recent report insists that the difficulty of identifying a “replicable strategy” out of the East Asian developmental state should not be translated to mean the impossibility to draw broad lessons for African countries (UNCTAD 2007: 65). Indeed, the report contends that the necessary ingredients are in place for African countries to tackle their development challenges within the framework of a developmental state (UNCTAD 2007: 75). For example, the idea of “Export Processing Zones” (EPZs) implemented successfully in Mauritius was emulated from the East Asian “tigers” industrialization strategy (Meisenhelder 1997: 287). Therefore, although the prospects for adopting the developmental state approach may not appear to be good in quite a few African countries, it is nonetheless important to acknowledge that there is a need for state intervention in order for developing countries to generate growth (Leftwich 1995: 421; 2006: 53).

Mkandawire asserts that it is possible for African countries to borrow *some* of the experiences of the East Asian developmental state and, more importantly, *contextualize* these to Africa’s realities (Mkandawire 2001: 310). Similarly, Mbabazi and Taylor stress that a replication of an East Asian model of the developmental state should not be the aim in Africa, but rather the search for a



similar development perspective based on successful experiences elsewhere and adapted to conditions on the continent (Mbabazi and Taylor 2005: 4-8).

Weakness of State Capacity. It is widely agreed that deficiencies in state capacity represent a significant weakness in post-colonial development experiences in Africa, not only in the developmentalist phase but also under subsequent market-oriented structural adjustment programmes. Refuting the argument that such deficiencies make the adoption of a developmental state approach in Africa impossible, Mkandawire levels strong criticism against international agencies, principally the World Bank and IMF, which defend the impossibility theorem and which, at the same time, have played an important role in reducing the capacity of civil service in many African countries by imposing structural adjustment programmes. These, more often than not, “suggested that public expenditure in Africa is too high largely because of a bloated bureaucracy that drains the state coffers. The standard policy prescription was retrenchment of the civil service” (Mkandawire 2001: 307).

What is needed is the strengthening of state capacity, something, Mkandawire points out, that the World Bank has belatedly also come to realize. “No wonder ‘capacity building’ is now a major preoccupation in the donor community” (Mkandawire 2001: 307). There is no inherent ‘impossibility’ involved in this task. Once the “anti-state ideology” associated with structural adjustment programmes is overcome, Mkandawire suggests, African countries should use their own potential and focus principally “on the valorisation of existing capacities through better ‘capacity utilisation’ and ‘retooling’ of the civil service” (Mkandawire 2001: 307). Admittedly, this is prescriptive reasoning which needs to consider the reality of predatory rule in many African countries.

Predatory Rule and Governance Limitations. Mkandawire, needless to say, is fully aware of the significance of predatory rule in many African countries, and the need to discuss it with regard to the impossibility theorem. His point of departure here is to deplore the undifferentiated juxtaposition of the East Asian developmental state and the African predatory state, which because it is “so beholden to particularistic interest groups” cannot achieve the autonomy required to pursue development goals for the public good (Mkandawire 2001: 298). He points out that arguments in support of the impossibility theorem tend to overlook the fact that some of the key limitations attributed to the state and governance in Africa, such as neo-patrimonialism, corruption and rent-seeking behaviour, were also present in the successful East Asian developmental states.²⁷ “Accounts of spectacular corruption in the high-performing East Asian economies”, he reminds us, “have become frequent in the press following the financial crisis” (Mkandawire 2001: 299).

²⁷ The main difference is that in some developing countries, the rent-seeking can be more extensive, can include illegal forms and is more often damaging to growth. On the other hand, many types of rents and rent-seeking play an important role in the process of development (Khan/Jomo 2000: 1).



These observations underline the necessity to analyse the relationship between patronage politics, corruption and development transformation in a differentiated way. The World Bank has argued that patronage politics and corruption undermine development prospects and, therefore, must be significantly minimized in poor countries if poverty is to be reduced (World Bank 2000). Other analysts, however, insist that good governance is not a primary condition for the achievement of transformative outcomes (Leftwich 2000; Khan 2006a; 2001). Khan posits that good governance policies prescribed under the neo-liberal approach can weaken the capacities of the state that are vital for the transformation process in developing countries (Khan 2006a: 201). He argues that it is not possible to find any example of a high-growth developing country that achieved growth by first acquiring advanced governance standards (Khan 2006a: 205). Wade also expresses doubts about the World Bank recommendations:

“The remarkable thing about the core Washington Consensus package is the gulf between the confidence with which it is promulgated and the strength of supporting evidence, historical or contemporary. There is virtually no good evidence that the creation of efficient, rent-free markets coupled with efficient corrupt-free public sectors is even close to being a necessary or sufficient condition for a dynamic capitalist economy” (Wade 2004: xv).

Rent-seeking, on the contrary, can be conducive to productive investment (Mkandawire 2001: 301). These observations do not constitute an argument in favour of predatory rule. They do, however, show the limitations of the impossibility theorem. As Mkandawire points out, “morally reprehensible or culturally unacceptable though certain ‘clientalistic’ practices may be, we do not have a clear theoretical establishment of how they affect the performance of capitalist economies” (Mkandawire 2001: 299).

Apart from the undifferentiated juxtaposition of East Asian and African states, Mkandawire rightly also insists on the differences which exist between development trajectories within the African continent. Some African countries, he shows, have achieved growth rates comparable to those of East Asian developmental states over lengthy periods of time (Mkandawire 2001: 303-4). Moreover, some African states, such as Botswana and Mauritius, have come to be identified in the literature as developmental states. Their development achievements provide the strongest rebuttal of the impossibility theorem and evidence of the feasibility of developmental states in Africa.

3.4 The Poverty Crisis: A Developmental “Threat” for Africa

Several analysts assert that nearly all the states that later came to be known as “developmental states” in the East Asian region faced either an internal or external threat in form of political and/or military security issues (Leftwich 2006: 62; Doner et al. 2005; Castells 1992; Woo-Cumings 1999; Berg 2000: 405-406). Similar observations have been made for the developmental states in Africa. In Mauritius the developmental state grew out of an underlying concern regarding the fast growth of the population in the absence of economic growth (Lincoln 2006: 64). With regard to Botswana the hostile environment, in form of the feared incorporation by the apartheid regime in South Africa, compelled the local political elite to prioritize development and self-reliance (Samatar 2005: 239).



Africa, sub-Saharan Africa in particular, continues to experience a persistent development crisis marked by severe inability to address the poverty situation (Humphrey/Bates 2005; Zack-Williams et al. 2002: 60). This poverty condition qualifies as a “threat” to the continent’s development on three major grounds. First, poverty in Africa has now evolved into a perpetual crisis that has consistently compromised the continent’s development prospects (Hatchard et al. 2004: 11). Second, it must be of major concern that Africa’s poverty crisis is worsening at a time when other poor parts of the world are experiencing drastic declines in the levels of poverty (Kates/Dasgupta 2007). Sachs has observed that of the three regions harbouring the largest number of poor in the world Africa, sub-Saharan Africa in particular, continues to dominate the picture as the region hosting an overwhelming share of the world’s extreme poor, while the other two regions, namely East Asia and South Asia, have managed to drastically reduce the number of poor people since 1981. The number of extremely poor people, he adds, “is rising in Africa in absolute numbers and as a share of the population, while it is falling in both absolute numbers and as a share of the population in the Asian regions” (Sachs 2005: 21, 24).

Third, the poverty situation is continuing to worsen in the face of increased international initiatives aimed at reducing poverty, such as the Poverty Reduction Strategy Papers (PRSPs) and the Millennium Development Goals (MDGs), even though Africa has been a primary target of these efforts (Mkandawire 2006: 23; Sahn/Stifel 2003). As summed up by Stein:

“(…) it is evident that Africa is mired in a development crisis. This is not a crisis in financial terms as is commonly used but one that is of a profound nature and associated with the incapacity of an economy to generate the conditions that would improve the standard of living for the majority of its population” (Stein 2000: 5).

In sum, in order to tackle poverty in Africa a need exists to promote the creation of states that will, as Leftwich says, in some respects correspond to the model of a developmental state (Leftwich 2000: 169). It is important to note that in postulating that the state in Africa should return to centre stage I am not advocating a return to the state-interventionist, “developmentalist” approach widely adopted in Africa in the immediate post-colonial era. Rather, the case in favour of a developmental state approach in Africa is informed by the aim of strengthening development efforts under the guidance of the state and harnessing the productive forces of the market system towards the national goal of improving the people’s living conditions. While appreciating the developmental achievements of the East Asian states, two key questions with regard to Africa are: Is authoritarian rule still an applicable determinant for the enforcement of a coherent development strategy in contemporary Africa? How can the state in Africa retain the necessary autonomy needed to fend off capture by particularistic and predatory interests, a major weakness associated with many sub-Saharan African countries? Mkandawire and other analysts from Africa have responded to this challenge by emphasizing more strongly than was the case in much of the literature concerned with East Asian experiences that democratic governance must be seen as a necessary component of the developmental state in Africa.



3.5 The Case for a Democratic Developmental State in Africa

Discussion of the relationship between development and democracy has been a long-standing topic in the social sciences going back to Lipset's well-known dictum that socio-economic development was a precondition of stable democracy (Lipset 1981/1960). Subsequent academic debate did not provide conclusive evidence either that development needed to precede democracy or that democracy was a condition for development (Przeworski 2000). In the African context, post-colonial developmentalism was implicitly premised on the assumption that development had to come first, generally under autocratic single party rule, and greater freedom would come later. This, as we know today, did not happen. Acknowledging that the experiences of "development dictatorship", as he called post-colonial developmentalism, had not been successful, Sklar called for "developmental democracy" in Africa to "take up the challenge of development where dictatorship has failed" (Sklar 1986: 27).²⁸ He saw the need for strong leadership, but insisted on the importance of political rights and social equality to curb predatory misuse of power.

Though it was not a principal point of discussion, some contributors to the developmental state debate did reflect on the development– democracy relationship. Leftwich has made the issue one of his principal academic concerns. He shares the widely-held view that "there is no necessary relationship between democracy and development" (Leftwich 2000: 133). Moreover, he has argued frequently that they operate at counter-purposes and, therefore, require different institutions. To put it in his own words:

"[T]he institutional requirements for stable and consolidated democracy are structurally different to the institutional requirements for rapid and transformative growth and, especially, development. (...) The processes of development have both required and engendered radical, transformative and pervasive change in the formal and informal socio-political and economic institutions of societies, but these changes are very different to those required for democracy. For (...) democracy is essentially a conservative system of power, geared to stability, not change" (Leftwich 2005: 692, 695).

In other words, development is a long-term process directed towards radical change, while democracy operates on short-term premises involving compromise and consensual decisions. Leftwich does not dispute that development states have also emerged under democratic rule, but sees this occurring essentially under dominant-party or consociational democracy, i.e., democracies with authoritative, if not autocratic leadership (Leftwich 2000: 175-182). He refers to Botswana and Mauritius respectively under these headings. In his view developmental states are more likely to emerge under non-democratic autocratic rule. "In short", he argues, "there have been some democracies *and* some non-democracies that have been developmentally successful, and it is therefore crystal clear that regime type (that is, democratic or not) has had little to do with it" (Leftwich 2000: 151, see also 133).

²⁸ Sklar initially introduced this concept in 1983, i.e. still under bipolar global conditions, and elaborated further on it in the 1990s. See, for example, Sklar 1996.



Compared to Leftwich's "crystal clear" – but rather rigid – structuralist analysis, Robinson and White (1998) give more space to "choice and agency in the creation of a democratic developmental state" (White 1998: 20) and take into consideration relevant historical conditions. For one, White makes the general point that the historical juncture represented by the collapse of the East bloc and the end of the East-West conflict has made "arguments about the hypothetical developmental advantages of authoritarianism irrelevant" in many countries where autocratic rule is not an option any more, while democracy has become widely accepted (White 1998: 26). This significant rupture in global political conditions cannot be overlooked by the debate on the developmental state either. White adds here that Sklar's discussion of developmental democracy, namely that it emerges step by step (and not as a ready-made whole), should be incorporated into the concept of a democratic developmental state (White 1998: 27, 32, 46; Sklar 1996: 36), as it can lead to different types of democratic rule, some still with elements of authoritarianism.

A second relevant consideration in White's analysis takes us closer to experiences widely made (though not exclusively) in Africa. It cannot be ignored, he says, that authoritarian regimes in post-colonial Africa and elsewhere pursued policies of developmentalism or developmental states, as some might have called themselves, "but have been singularly unsuccessful in establishing a capacity for good governance and socio-economic improvement." In such cases, he adds, regime change "may be highly relevant as an alternative way of achieving an 'effective developmental state'" even though predatory politics can also occur in democratic systems (White 1998: 26, 42).

White discusses three areas of action for the institutional design of a democratic developmental state: state institutions, political society, and civil society (White 1998: 32-41), but he expresses scepticism about the prospects for their realization. In the light of past experiences doubts remain concerning political agency, and he does also – following Leftwich here – see potential contradictions between development and democracy which make a democratic developmental state difficult to achieve (White 1998: 43, 44). Nevertheless, he provides essential arguments in support of the case for a democratic development state in Africa.

Edigheji has submitted the most explicit argument in favour of a democratic development state in Africa. He sees a weakness in the conception of what he calls the "classical developmental state"²⁹ in that it "paid no attention to the nature of the political regime", while implying on the basis of East Asian experiences that their development performance was related to the undemocratic nature of their states. His counter-argument, expressed more forcefully than White's similar consideration, is that "if there is a positive correlation between undemocratic regimes and development, then African countries would have been among the most developed countries in the world" (Edigheji 2005: 10, 18).

²⁹ Edigheji uses the term to refer to the contributions on the developmental state which I deal with in sections 3.1 and 3.2 above.



The developmental failure of many post-colonial states in Africa, Edigheji argues, is due to their “undemocratic nature, weak internal institutions, and the repression and exclusion of domestic social partners from the governance process” (Edigheji 2005: 16-17). He stresses the importance of Evans’ concept of “embedded autonomy”, though he advocates its extension beyond state-business relations to incorporate popular organizations with a genuine concern to reduce poverty, and thereby to increase the inclusiveness of state-society relations. “The key point is that state autonomy is complemented by a set of concrete relationships with particular interest groups, while at the same time being insulated from direct political pressures” (Edigheji 2005: 9). Apart from the defining features of the “classical developmental state” (see section 2 above), the democratic developmental state, in Edigheji’s understanding, “is one that forges broad-based alliances with society and ensures popular participation in the governance and transformation processes” (Edigheji 2005: 18).

Mkandawire has also come out strongly in favour of “a democratic, developmental and socially inclusive order” in Africa. Similar to Edigheji, he argues his case against the background of “the nightmare of wanton dictatorship” from which many countries on the continent emerged in the early 1990s and which not only failed to promote development but also sacrificed freedom on the altar of self-aggrandizement. Considering furthermore that post-developmental SAPs have also been largely unsuccessful, there is a strong case in favour of a democratic developmental state in Africa (Mkandawire 2005: 47).

Mkandawire’s understanding of a democratic developmental state encompasses the following characteristics. First, the developmental state is focused by developmental leadership and elite “ideological hegemony” (Mkandawire 2001: 291). Second, in terms of institutions, a developmental state requires the capacity to implement economic policies effectively in order “to deploy its administrative and political resources to the task of economic development” (Mkandawire 2001: 291). Third, state autonomy to devise long-term economic policies without interference from particularistic interests is central to the survival of a developmental state. However, this does not imply that the state should be de-linked or alienated from its social roots, but rather it needs to establish developmental links with various forces in society (Mkandawire 2001: 302). Fourth, such a state needs some social anchoring that prevents it from using its autonomy in a predatory manner. Therefore, a key feature of a democratic developmental state, according to Mkandawire, would include robust state and societal institutions characterized by a state-society nexus that strongly emphasizes democratic oversight as a critical basis for the attainment of socially desirable development outcomes (Mkandawire 2003; 2001; 1999: 119-36).

In conclusion, grounding their analysis on historical experiences and prevailing conditions in Africa, Edigheji and Mkandawire have made an innovative contribution to the development state debate. Whether their case for a democratic developmental state in Africa has more general validity under current global conditions remains to be seen. White’s reference to the worldwide wind of change regarding democracy after the end of the Cold War

would suggest an affirmative answer. On the other hand, Mkandawire himself insists upon “the context-specificity of economic development” giving states ultimate responsibility to chart their country’s trajectory, which leaves room for diverse developmental paths (Mkandawire 2005: 48). The agency of ruling elites also suggests that some scepticism is justified with regard to future developments in Africa. There are still too many predatory states on the continent to presume that a secular reorientation has occurred or is about to occur. Therefore, White may well prove to be right when he raises a note of caution: “A democratic developmental state of the kind we have outlined may thus be a rare bird on the development scene in the future, as it has been in the past” (White 1998: 44).

However, I will leave the last words to Mkandawire’s more optimistic assessment. Implying a general validity for his analysis, he summarizes his argument in favour of a democratic developmental state as follows:

“The experience elsewhere is that developmental states are social constructs consciously brought about by political actors and societies. As difficult as the political and economic task of establishing such states may be, it is within the reach of many countries struggling against the ravages of poverty and underdevelopment. The first few examples of developmental states were authoritarian. The new ones will have to be democratic, and it is encouraging that the two most cited examples of such ‘democratic developmental states’ are both African – Botswana and Mauritius” (Mkandawire 2001: 310).





Botswana – A Developmental State in

Africa

Peter Meyns

The strongest argument in support of the assertion that developmental states are not an impossibility in Africa would be evidence that such states do in fact exist on the African continent. Inevitably, as the developmental state debate has gained currency in Africa in the past few years some governments have begun to use the term to put their policies into a favourable light. This shows the positive understanding associated with the concept, but does not in itself prove the existence of a developmental state. However, there are African states which have regularly been referred to as developmental states in the academic literature on the topic. Foremost among these is Botswana (Künzler 2004, Lockwood 2006), which, moreover, is also regarded as being a “democratic developmental state” (Leftwich 2000: 131, 154, 172, Mkandawire 2001: 310). Botswana is therefore a very suitable example in order to take a closer look at the problems and prospects of establishing a developmental state in an African country.

I will first review the background to Botswana’s development prior to and after independence. My main focus will then be on the developmental achievements of Botswana since independence with particular regard to the defining features of a developmental state as spelt out in Charity Musamba’s contribution. In a further section I will look specifically at the experience of Botswana as a democratic political system, in order finally to draw some conclusions on Botswana’s prospects as a democratic developmental state.

1. Botswana before and after Independence

When Botswana gained political independence in 1966 the country seemed an unlikely candidate to become a successful developmental state. It was one of the poorest countries in Africa, its expansive territory (nearly twice the size of Germany) consisted largely of semi-arid desert land, its small population (only approx. 600,000 at the time) represented a population density of just 1 per square km, and it was a landlocked country surrounded by hostile white settler-dominated neighbours (South Africa, South West Africa/Namibia, and Rhodesia/Zimbabwe). Its situation was aptly summarized by Edge: “At independence in 1966 Botswana was struggling with issues of basic survival, with some observers regarding the country as a non-viable entity” (Edge 1998: 335).

Botswana’s (known then as Bechuanaland) existence before independence was most strongly influenced by Boer settlers and British imperialism in South Africa. The Tswana population managed to withstand Boer invasion attempts in the mid-1850s. The Tswana chief then requested British protection against



future Boer incursions, but this was rejected by Queen Victoria because Great Britain gave preference to relations with the Boers. The situation changed, however, when Germany in 1884 established colonial rule in South West Africa, to the west of Bechuanaland. Britain now feared Germany might seek to expand its influence eastwards and block a territorial corridor to the north through which the British imperialist in South Africa, Cecil Rhodes, dreamed of building a rail link “from Cape to Cairo”. For strategic reasons, therefore, Great Britain in 1885 proclaimed the Bechuanaland Protectorate (Beaulier 2003: 229).

South African influence continued to threaten the existence of Botswana, however, as Great Britain regarded its colonies there as its principal outpost in southern Africa. When, after the Second Anglo-Boer War, the Union of South Africa was proclaimed in 1910 the future incorporation of Botswana (as well as Lesotho and Swaziland) into South Africa was envisaged in the constitution of the new state (Hermans 1973). As a result the Damocles sword of incorporation hung over Botswana for many years. Only after South Africa isolated itself from the world community by introducing institutionalized apartheid in 1948 did Great Britain finally abandon the aim of incorporation and eventually granted independence to Botswana.

Economically Botswana remained highly dependent on South Africa. It virtually became part of an economic region in southern Africa dominated by South Africa. In 1910 a customs union, the Southern African Customs Union (SACU), was established encompassing South Africa, Botswana, Lesotho, Swaziland, and many years later Namibia. Up to today the bulk of Botswana’s imports are provided by South Africa. Furthermore, lacking employment opportunities of its own Botswana exported labour to South Africa. Its role as a “labour reserve” for the South African mines was seen by some analysts as a main feature of Botswana’s economy prior to and after independence (Parson 1984). Such was the dependence of Botswana on South Africa that, even after independence, a number of analysts discussed the political economy of Botswana in comparison to the “bantustans” within South Africa, created by the apartheid state in pursuance of its policy of separate development (Hill 1972, Claus 1992). Even though the answer to the comparison was invariably negative, the approach is indicative of the vulnerable situation Botswana was seen to be in at the time.

As for colonial policy in Botswana, Great Britain wanted to protect the country from outside incursions, but otherwise “had no real interest in actively managing Bechuanaland” (Beaulier 2003: 229). With regard to economic and social programmes Edge asserts that the British colonial administration “fundamentally failed to develop the country during the years of their bumbling rule” (Edge 1998: 334), building just 13 kilometres of paved road and no state secondary schools before the early 1960s. The colonial capital town, Mafikeng, was located outside the country in South Africa until today’s capital of Botswana, Gaborone, was built after independence. The term frequently used to describe British colonial policy in Botswana is “benign neglect” (Hartland-Thunberg 1978: 2). However, Beaulier expresses reservations about this position, arguing that British intervention may have been minimal, but some policies, such as the colonial “hut tax”, had far-reaching implications for the country’s political economy and hardly justify speaking of “benign neglect”.



Given the paucity of employment opportunities within Botswana men were under pressure to sign up as migrant labour in the – British-owned – gold and diamond mines in South Africa so as to meet their tax obligations back home. The absence of a significant proportion of the adult male population as migrant labourers for lengthy stretches of time in turn had disruptive effects on life in their home environment (Beaulier 2003: 233).

Embarking on independent nationhood under these circumstances presented an enormous challenge to the new government of Botswana. The first President of the country, Seretse Khama, came from a royal Tswana family. He had suffered personal injustices during colonial rule. Having married an English woman while studying in England, the British authorities banned him from returning home in 1948 in order to appease apartheid South Africa where interracial marriages were prohibited. As the heir to a chieftainship South Africa also wanted to prevent him assuming a position of traditional authority. Only after renouncing his claim to the chieftainship was Khama allowed to return home. When he was elected into office as president of the independent state of Botswana he was not prepared to compromise his firmly non-racial position with regard to South Africa's apartheid policy, while at the same time fully aware of his country's dependence on South Africa, and the need to achieve a *modus vivendi* with South Africa and the other white settler-dominated neighbours in order to ensure Botswana's survival (Hermans 1973: 197). Promoting the socio-economic development of the country and establishing a stable democratic system were the two pillars of Botswana's post-independence trajectory.

2. Growth and Development in Botswana

Given its situation as one of the poorest countries in Africa at independence, with a per capita income of just US\$ 60 per year, and its vulnerability as a land-locked nation surrounded by hostile neighbours, Botswana's economic growth in the past four decades has been astonishing, and stands in marked contrast to most other sub-Saharan African countries. By 1991 its income per capita had reached US\$ 2583 (Edge 1998: 337) and by 2008 had risen further to the level of US\$ 6470.¹ Today Botswana is ranked by the World Bank as an upper middle income country, together with only few other sub-Saharan African countries.

Its growth has been comparable to that of East Asian developmental states, in some respects even surpassing them. Edge observes that between 1965 and 1990 Botswana's GDP grew by 10% annually and its GDP/GNI per capita at a rate of 8.4% per year, and that both growth rates were the highest achieved in the world in that period (Edge 1998: 337). Writing a few years later Beaulier also compares Botswana with the East Asian tigers and argues that, "[f]rom 1965 to

¹ The World Development Report 2010 gives a separate figure of US\$ 13,100 for Botswana's PPP (purchasing power parity) gross national income per capita.



1995, Botswana was the fastest growing country in the world” (Beaulier 2003: 231). Though growth rates slowed down during the subsequent decade, they have, according to World Bank Indicators, still remained at a consistently high level. The difference between Botswana and the East Asian developmental states is that, while the latter based their growth on industrial production, Botswana benefited from the discovery and exploitation of mineral resources, particularly diamonds, which became the driving force behind its political economy.

Against the background of developmental failures in many sub-Saharan African countries Botswana has been set apart as an “African growth economy” (Hartland-Thunberg 1978). Other analysts have even spoken of “an African miracle” (Samatar 1999). There have, however, also been critical commentators who have pointed to the one-sided structure of the economy and autocratic features of the polity (Good 2008; Hillbom 2008). The issue of equity is raised here to argue that, while much has been done in Botswana to improve social infrastructure, poverty levels still remain high. The discrepancy between the country’s impressive GNI per capita and its Human Development Index (HDI) rank, which at 0.694 (2007) is in the medium human development range and above most other African countries, but well below Botswana’s own GNI per capita ranking, is considerable. Its HDI rank is 125, while its GNI per capita rank is 60 – a difference of 65, which is a clear indicator of existing income inequalities.²

Using the four defining features of a developmental state as outlined by Charity Musamba in her contribution to this research report, I will now attempt to draw a differentiated picture of Botswana’s experience as a developmental state.

2.1 Development-Oriented Political Leadership

At independence Botswana’s economy was based on agriculture, principally on cattle farming. Today its economy is based on mining of natural resources, principally diamonds. Diamond mining has without a doubt facilitated the country’s extraordinary growth. Its success could, therefore, be attributed to the discovery of natural resources in the 1960s. While the element of good fortune cannot be denied, many other countries rather than benefiting from similar luck in respect of diamond or oil resources have, in contrast to Botswana, succumbed to what is now referred to as the “resource curse”. Other factors need to be considered to understand Botswana’s trajectory.

A number of analysts have argued that traditional structures, based largely on chieftaincies and cattle farming, were left intact by British colonialism and

² In this respect Botswana differs from Mauritius, the other sub-Saharan African country seen as a successful developmental state, which ranks just below Botswana in respect of its GNI per capita (68) but far higher on its HDI rank (81). These figures are drawn from the Human Development Report 2009 Country Fact Sheets.



provided a stable foundation for post-colonial development in Botswana (Künzler 2004). It is certainly true that the first president, Seretse Khama, came from a chiefly family and was an important cattle owner (Hill 1972: 60), but the authority of traditional structures prior to independence did not lead to any notable development. In fact, Khama set about pursuing “modernizing policies, notably in the series of laws which (...) reduced Chiefs’ powers and privileges” (Hill 1972: 60).

Fully aware of the vulnerability of Botswana’s situation Khama recognized the need to build a national economy capable of improving the living conditions of the population and thereby also securing the country’s independence. Under his leadership the state assumed a leading role in initiating a process of social and economic development. Taylor has pointed out that this orientation was not undisputed in the aftermath of independence as some civil servants favoured a conservative, purely administrative approach of balanced budgeting, while others advocated an approach which sought to raise resources, also through external aid, for public investment in projects which would advance economic growth, in short: a development-oriented approach (Taylor 2003b: 41).

Once the latter approach prevailed development planning became and has remained the guideline for Botswana’s economic policy; the National Development Plan 9 covered the six-year period from 2003/4 to 2008/9. The continuity of Botswana’s development experience is shown also by the national principles of “democracy, development, self-reliance and unity” which it proclaimed in the 1960s and the national objectives of “sustained development, rapid economic growth, economic independence and social justice” which have informed development plans since then (Edge 1998: 335). The same principles and objectives are evoked in recent development plans and in Botswana’s “Vision 2016” document.

These principles and objectives exemplify what Chalmers Johnson, speaking of Japan, refers to as the “one overriding objective – economic development” (Johnson 1999: 52), and what Mkandawire calls the “ideological underpinning” of a developmental state (Mkandawire 2001: 290). While nationalism was widespread in African countries in the post-independence years, Botswana’s nationalist vision – conditioned on the one hand by its hostile environment, but also by the moderate political outlook of its political leadership – was less radical and statist than elsewhere. Hermans rightly speaks of “the realism and pragmatism which pervades political thinking in Botswana” (Hermans 1973: 201).

The leadership provided by Botswana’s founding leaders Seretse Khama from 1966 to 1980 and his long-standing cabinet colleague and successor Quett Masire (1980-1997) have been cited as principal reasons for the country’s success. Hartland-Thunberg stresses the point that “Botswana provides an almost classic example of how a developing country with determined and devoted leadership can help itself” (Hartland-Thunberg 1978: 79). Leith poses the question, “Why Botswana Prospered”, and says, “[i]n its simplest form, the answer is that growth-promoting policies were followed” (Leith 2000: 9). In a similar vein Beaulier opines: “Botswana’s good policy choices at the time of

independence signaled a genuine commitment to long-term development” (Beaulier 2003: 234).

A crucial part of the development-orientation of the political elite is that they do not succumb to practices of neo-patrimonialism and corrupt self-enrichment. While some analysts have detected elements of neo-patrimonialism in Botswana (von Soest 2009), the country has avoided the major pitfalls of primordialism which have led to the demise of so many other sub-Saharan African countries. It is not as if the political elite, comprised – sometimes in combination – of political office holders, top civil servants, cattle owners, traditional leaders and the business elite, did not pursue their own interests in the political system, but the state has retained a sufficient degree of relative autonomy to maintain its focus on national developmental goals (Molutsi 1989b: 126-129).

2.2 Autonomous and Effective Bureaucracy

Avoiding the pitfalls of primordialism is closely related to the institutional structure of the state which Mkandawire defines as the “*capacity* to implement economic policies sagaciously and effectively” and which he sees as the other component of the “*ideology-structure nexus* that distinguishes developmental states from other forms of states” (Mkandawire 2001: 290). Botswana built such state capacity gradually after independence, relying initially – given the lack of home-grown manpower – strongly on expatriate expertise. This pragmatic approach has been seen as instrumental in creating a competent and effective public service which, in its turn, attracted foreign aid and private investment to the country and thereby facilitated the rapid growth of the economy (Hartland-Thunberg 1978: 71).

Alongside the creation of a public service based on merit Botswana’s political leadership also had an interest in ensuring the autonomy of the bureaucracy so as to allow it to pursue the country’s developmental objectives. Holm asserts that Botswana’s first two presidents, Khama and Masire in particular, “protected the civil service from most political interference” (Holm 1996: 101) thereby shielding it from corruption and guaranteeing its professionalism, and turning it into a powerful agent of development. The Ministry of Finance and Development Planning has become the embodiment of the developmental state in Botswana. It has the institutional capacity and the authority to prepare the National Development Plans and to oversee their implementation. Molutsi speaks of “the dominant role of the top bureaucrats in Botswana’s government policy making” (Molutsi 1989: 111). “In effect,” Holm confirms, “development planners set the public development agenda. Moreover, they block others from this agenda by rigorously enforcing a planning regulation that no development funds are allocated unless a project is





in the current plan or has gone through a supplementary review process which takes over a year" (Holm 1996: 100).³

A crucial area of effective government intervention was the mining industry which from the 1970s onwards has been the main source of funding for development planning. Wisely the state had proclaimed all mineral resources to be national property. Just before independence a copper-nickel deposit had been found, and just afterwards De Beers which had been prospecting for diamonds announced the discovery of the first deposit, to be followed in the course of the 1970s by further rich deposits, which made Botswana one of the main sources of diamonds in the world. In favour of private investment and in need of foreign capital and expertise to exploit the resources, the state aimed to obtain "for the nation a significant share of the profits from the [diamond] mining operation" (Leith 2000: 10) and negotiated a joint venture with De Beers to form the "De Beers Botswana Mining Company" (Debswana). Using its bargaining power as the owner of major deposits and with a competent negotiating team, comprised essentially of top bureaucrats, Botswana in the mid-1970s increased its stake in the equity shares of Debswana to 50% and is estimated to receive up to 75% of the profits of diamond mining through royalties, taxation and dividends. Furthermore, the state is also involved in the global marketing of diamonds by participating in the De Beers-led cartel, the Central Selling Organization. Though full details of the agreement remain secret, Jefferis argues that "it is reputed to be one of the best mineral exploitation contracts in the world" (Jefferis 1998: 304).

Replacing foreign aid from Great Britain, which had been a main source of revenue during the first years of independence, and overtaking income from the SACU customs union with South Africa, which was renegotiated in 1969, revenue from the diamond industry has grown rapidly since the 1970s to become the government's main source of income, supplemented as surpluses accrued by earnings on foreign exchange reserves (Leith 2000: 17 and Figure 13). By 2007, for instance, the country's foreign exchange reserves were estimated to stand at a level of 10.7 billion US\$. Based on its well established planning system the government used its funds prudently investing principally in economic infrastructure, i.e. roads, water, electricity as well as services for the mining and agricultural (cattle) sectors, and social services, i.e. health and education, all of which served to promote national development (Leith 2000: 19). Nevertheless, given its well-filled coffers, government faced strong pressure to engage in more expenditure and did sometimes deviate from its generally scrupulous principles (Harvey 1992). The ratio of government expenditure to GDP in fact became one of the highest in Africa (Leith 2000: 18-19 and Figure 14).

³ Molutsi and Holm both refer to the fact that such extensive autonomy of the bureaucracy tends to undermine democratic accountability. Viewed from the developmental state concept perspective the far-reaching influence of the state bureaucracy is not out of step with comparable East Asian experiences.



2.3 Production-Oriented Private Sector

Botswana adopted a policy of welcoming private investment at independence and has maintained this approach since then. This was one of the wise decisions the country's founding leaders took. The significance of this decision has led to differing interpretations. Rightly observing that "[u]nlike other African leaders, Khama adopted pro-market policies", Beaulier locates this decision on one side of the dichotomy between capitalism and socialism, whereby an African nation would "either adopt free-market institutions and limited government, or implement Marxist ideas and central planning" (Beaulier 2003: 236). He does not, however, take into consideration the concept of a developmental state, which Chalmers Johnson defines as a "capitalist developmental state" distinct from laissez-faire capitalism as well as from a Soviet-type command economy (Johnson 1982, 1999). With the establishment of the state-run "Botswana Meat Commission" (BMC) in 1967 to manage the cattle industry, which was at that time the major economic sector of the economy, the new government showed at an early stage that it intended to intervene pro-actively to promote national development. In this perspective, Botswana should be seen as a developmental state. Edge, therefore, captures the essence of Botswana's political economy more accurately when he identifies the "state as the premier engine of growth in the nation" and adds: "By planning within the context of a market economy, government policy has tended to influence the direction of government expenditure during the planning period while providing an environment in which private sector activity can thrive" (Edge 1998: 334).

The joint venture with the South African mining giant De Beers, which continues to thrive, shows that Botswana has been successful in creating a favourable environment for private investment. The fact that diamond mining has been the driving force of its growth rather than manufacturing industry, as was the case in the East Asian developmental experiences, also shows a distinct feature of Botswana's development. Manufacturing industry has not become a significant sector of the economy. While agriculture and mining have switched places as the principal sectors of the economy since independence, manufacturing has retained a similar share of GDP throughout that period. Given the high GDP growth rates achieved in that time a stagnating share does also reflect important increases in manufacturing production. A share of 3.4% of GDP in 2007 and a downward rather than an upward trend, however, confirms Edge's observation that "Botswana has been unable to stimulate a large-scale, internally generated, competitive manufacturing sector" (Edge 1998: 334).

With its small population and the small size of its internal market conditions for industrial production within Botswana were not favourable. Export markets were needed to achieve economies of scale. Here, membership in the customs union with South Africa proved to be a double-edged sword. It does provide Botswana and the other member countries with regular income from their share of regional import taxes. However, rather than allowing them to benefit from the far larger market in South Africa, it has historically been the other way around: the BLNS countries have been a "captive market" for South Africa's manufacturing industry (Hermans 1973: 204-5). A major private investment in Botswana in the 1990s which aimed to establish a motor car industry to



principally serve the South African market, but failed, was indicative of the problem. The investor in 1993 established the “Motor Company of Botswana” (MCB) and the “Hyundai Motor Distributors” (HDM) to produce and sell Hyundai vehicles. By building a car assembly plant based on knocked-down components, considerably lower import tax was due than for manufactured cars. With no further import tax accruing within the SACU customs area the cars had a price advantage on the lucrative South African market. MCB and HDM used the SACU regulations to its advantage, and soon became an important foreign-exchange earner for Botswana. In South Africa, however, car manufacturers, trade unions as well as the state, were all concerned about profits and/or employment in their own country. Even though the post-apartheid government, which had by now come into power in South Africa, had declared its intention to reduce the imbalances in the existing regional economy, it was more concerned to seek “protection for sections of its industry” (Good/Hughes 2002: 51) and, as a local Botswana paper wrote, “used every trick in the book to shut out [Hyundai]” (cited in: Good/Hughes 2002). Botswana had committed itself to the support of the car industry through credits of the state-funded Botswana Development Corporation and a national bank, as had the Hyundai company in South Korea and several Belgian and Dutch banks. Unfortunately, the principal investor and owner of MCB and HDM was a Zimbabwean businessman, Billy Rautenbach, who had a dubious reputation⁴ and whose business dealings brought the companies into disrepute and eventually, after South Africa had launched fraud investigations against him, forced them into liquidation. As Good and Hughes aptly comment: “The demise of car assembly in Gaborone was a profoundly serious blow to the Botswana economy”, to which a local economist added that it might also have adverse repercussions on the government’s policy “aimed at the diversification of the economy” (Good/Hughes 2002: 57). The state had to acknowledge that it needed to develop greater capacity to assess the viability of private investment projects and the integrity of investors.

Good and Hughes also pinpoint other experiences in Botswana in which efforts to support a production-oriented private sector were initiated by the state, but not wholly successfully implemented. The “Selebi-Phikwe Regional Development Project” was launched to create business and employment around the nickel-copper mining area. A targeted instrument, the “Special Incentive Package” (SIP), was created to be made available according to selectivity criteria involving investment and employment targets and prior experience of companies. In many cases, however, firms entering the project did not meet the criteria, receiving grants instead from the also state-funded

⁴ For instance, during Zimbabwe’s intervention in the DR Congo to prop up Kabila senior’s rule in the late 1990s, Rautenbach was appointed CEO of the Congolese state mining company Gecamines in 1998 at the instigation of the Mugabe government. He did not last long in that position, allegedly having defrauded the DRC government. See Mail & Guardian online, Nov. 20, 2009 “Rautenbach’s fast and furious ride to riches” >www.mg.co.za < (accessed: 6 Jan. 2010)



“Financial Assistance Policy” (FAP) created in the early 1980s as a national instrument to promote industrial development beyond large-scale mining and the cattle industry (Taylor 2003b: 44-45).⁵ Quite frequently, companies remained in the project only for the duration of their five-year FAP funding package, sometimes disappearing overnight thereafter. Even government admitted that abuse of FAP funds existed (Good/Hughes 2002: 42-44). The recognized need to diversify the economy and the availability of adequate funds to finance programmes in support of the private sector may have contributed to the lack of scrutiny in awarding and controlling such support, resulting on occasion in disappointing outcomes.

2.4 Performance-Oriented Governance

Performance-oriented governance, as Charity Musamba writes in her contribution to this research report, is understood to involve a “combination of steady and high rates of economic growth and structural change in the productive system”. There can be no question that Botswana has achieved steady and high rates of economic growth since independence. Indeed, they surpass rates achieved by most other countries in the world in the same period of time. But with regard to structural change critical voices have been raised. For development – rather than just growth – to occur, it is said, a country needs to have made progress in reducing poverty, unemployment and inequality (Andreasson 2007: 8). In 2005 47% of the Botswana population were living below the national poverty line. This was an improvement compared to 1985 when 59% of the population lived in conditions of poverty, but was still very high. The country also has an unemployment problem, the rate for 2005/06 being given as 18%. Inequality in urban as well as rural areas remains high as well. Income distribution, as measured by the Gini coefficient, stood at 0.6 in 2005 and was higher in Botswana than in most other African countries (all figures from Hillbom 2008: 199, 206-7).

An area of much concern for Botswana has been the incidence of HIV/AIDS. The pandemic has hit southern Africa, especially neighbouring South Africa, harder than any other part of the world, but Botswana, notwithstanding the means at its disposal, for a long time seemed unable to counter it effectively. Botswana, in fact, has been one of the most severely affected countries and still has a HIV/AIDS incidence rate of 24% in the 15-49 age group. Dramatic reductions in life expectancy resulted from the pandemic around the turn of the century. In 1997 people in Botswana had a life expectancy at birth of 68 years, one of the highest in Africa; by 2004 it had plummeted to 35, one of the lowest on the continent. Why Botswana had such a high prevalence of HIV/AIDS and why its initial efforts to fight the pandemic, launched by president Mogae after he assumed power in 1998, had so little impact, still needs to be researched. One hypothesis, however, is that the government campaign was detached from the

⁵ More recently, a successor programme to the “Financial Assistance Policy”, the “Citizen Entrepreneurial Development Agency” (CEDA) was launched in 2000.



grass roots, ignoring the stigma which prevents people from dealing with the disease openly and targeting women rather than men, even though in a patriarchal society such as Botswana men play the key role in the transmission of HIV (Phaladze/Tlou 2006: 27). After 2000 the government, in a public-private partnership, launched a major effort to curb the further spread of the pandemic making free antiretrovirals available to all HIV-positive citizens who needed them and also providing medication to prevent mother-to-child HIV transmission. The positive impact of this campaign shows in recent life expectancy figures, which in 2007 had increased to 50 years again.⁶

Considering that Botswana since independence has moved from a predominantly agrarian society to an increasingly urban society and an economy based on mining, it seems hard to deny that some structural change has occurred. However, diamond mining has not created a great amount of employment in the country and, as an export industry, has only limited linkages to other sectors of the economy. Added to the much reduced amount of labour migration to South Africa, it becomes understandable that Botswana has been facing problems of unemployment, despite impressive growth rates.⁷ As a mining economy it must nevertheless be regarded as an achievement of performance-oriented governance that Botswana, in contrast to many other countries, has avoided the “resource curse”. The fact that the state has ploughed large parts of mining revenue into development-related investments such as roads, water supply, energy, education and health, which have contributed significantly to improving the living conditions of the country’s population, is not disputed.⁸ For education alone Botswana spends approx. 20% of its annual budget, more than most other countries in the world.

Asserting the persistence of poverty, unemployment and inequalities, Hillbom characterizes Botswana’s trajectory since independence as “pre-modern growth”. She does not ignore the impressive achievements made but argues that for there to be “modern economic growth” (Kuznets), “which is the equivalent of development”, it is necessary “that all segments of society significantly benefit from economic gains” as a result of structural change (Hillbom 2008: 193, 194). Hillbom admits that this is “a demanding definition of development”, one, moreover, which she describes as “the *end goal* for any society to reach” (Hillbom 2008: 193; emphasis by author). The combined and identical interests of the political and economic elite, determined by cattle and

⁶ In 2008, after he had handed over the presidency to Ian Khama, Festus Mogae received the prestigious “Ibrahim Prize for Achievement in African Leadership” largely for his contribution to the fight against the HIV/AIDS pandemic in Botswana and further afield. (Source: UNAIDS Feature Stories, 20 Oct. 2008 “Leadership and AIDS: Festus Mogae”. >www.unaids.org< [accessed: 8 Jan. 2010])

⁷ These problems did not exist before the 1990s. Harvey spoke of the “remarkable growth of formal sector employment”, which even exceeded “the growth of the labour force by the end of the 1980s” (Harvey 1992: 349, 350).

⁸ Hillbom acknowledges that, taking these improvements of peoples’ lives into consideration and applying a concept of „capability poverty“ (in contrast to income poverty) makes Botswana’s record of poverty reduction look far more favourable (Hillbom 2008: 208).



commerce, in her view, stand in the way of progress to development (Hillbom 2008: 209). Apart from the fact that this view is at variance with Molutsi's assessment of the relative autonomy of the state (Molutsi 1989b), Hillbom's analysis of Botswana's path amounts to growth without development; structural change becomes the prerequisite for a developmental state to emerge (Hillbom 2008: 211).

The understanding advanced in this research report argues the other way around, that development is a – highly political – process which benefits from the institutional setup of a developmental state. Therefore, even though development inadequacies and governance failings persist, Botswana after independence embarked on a process of change few would have believed to be possible in 1966 and which would not have been achieved without the political leadership provided by the state, functioning as a developmental state.

3. Democracy and the Development State – the Botswana experience

The nature of political rule in a developmental state is an ongoing topic. A strong, one might even say the dominant theme in the original debate based on East Asian experiences was succinctly summarized by Chalmers Johnson, when he said, “[l]egitimation occurs from the state's achievements, not from the way it came to power” (Johnson 1999: 53). This does not exclude democratic rule, but it also sanctions autocratic rule if development is achieved. In the debate regarding the African context, however, the importance of democratic rule as an integral part of “the democratic developmental state” has been stressed. Botswana has had a democratic system since independence and, therefore, fulfils this requirement. But there have been critics who have found fault with democratic practice in Botswana and who argue that the country's “‘African Miracle’ is no model for Africa” (Good/Taylor 2005) because the ruling elite shows increasingly authoritarian tendencies.

Such tendencies were not unknown to traditional Tswana society. When the Botswana Democratic Party (BDP) led by Seretse Khama and Quett Masire took over power at independence Botswana did not have a democratic background. Khama belonged to the royal family of the Bamangwato clan which was hierarchically structured under the leadership of a hereditary chief, and he was also a cattle owner. His roots were in traditional rural society, but in contrast to many other founding fathers of new African states, he did not set up a one-party system in order to secure undisputed authority as the country's leader, opting instead for a modern form of government and retaining the Westminster-type system introduced by the colonial power just before independence. In order to strengthen democratic rule the new government placed some limits on the powers of traditional chiefs giving them only an advisory role in the House of Chiefs. Belonging also to the educated minority of the people, the BDP ruling elite saw its role as educating the public and guiding people from above towards an acceptance of the democratic order. This led Holm to refer to Botswana's political system as “a paternalistic democracy”



(Holm 1988: 195) and it may also show some affinity to the ruling elite's own background in traditional Tswana culture.

Notwithstanding the diverse conflicts in neighbouring countries Botswana has been a peaceful country with a stable democratic system. Elections have been conducted regularly every five years. In accordance with the country's parliamentary system the president, who is the executive head of government with far-reaching constitutional powers, is voted into office by the legislature. In all national elections, including the recent one in October 2009, the BDP has won a clear majority of parliamentary seats (in 2009, for instance, 45 of 57), so that Botswana has been under BDP rule since independence, a one party-dominated state. Compared to the founding elections in 1965, when it won 80% of the vote, BDP has lost some of its support gaining only a few points over 50% in all elections since 1994. However, the main opposition party, the Botswana National Front (BNF), which in 1994 seemed poised to challenge BDP's supremacy, became embroiled in intra-party disputes and split into two parties, allowing BDP to benefit amply from the first-past-the-post electoral system in subsequent elections.

Various factors, the hostile neighbours in the past, the developmental challenge, influences of traditional culture and also the lack of serious challenges to its power over a long period of time, have shaped BDP rule, which has retained features of paternalism and which Good later referred to as "authoritarian liberalism" (Good 1999: 51). The ruling elite has over the years defined government secrecy in an expansive way, which has limited transparency and also curbed the freedom to report on matters rated sensitive, e.g. for security reasons (Good 2008). Deficiencies in accountability, related to the predominance of BDP in the political system as well as the weakness of civil society, led to cases of corruption and mismanagement (Good 1994). The principal axe Good and Taylor have to grind with BDP rule relates to presidential succession. Here Botswana has developed a practice whereby the vice-president becomes president when the president dies or retires. The procedure does reflect the constitutionally strong position of the president in Botswana. Good and Taylor criticize the lack of democratic legitimacy of this procedure (Good/Taylor 2006).⁹ They are particularly concerned about the recent presidential succession which brought Ian Khama, the son of Botswana's founding father, to power after president Mogae retired in 2008. Khama is an outspoken and controversial person who - coming from the army - is more concerned with discipline than participation. His accession to power aroused some tension within the BDP establishment and, following a handsome victory in the 2009 national election with Khama as presidential candidate, even led to an unprecedented split in the ruling party. Critics have attributed this open factional rivalry within BDP to Khama's autocratic style of leadership.

⁹ Good and Taylor do not mention the similarity of the constitutional features they criticize in Botswana (i.e. presidential succession, election of the head of government by parliament) to established elite democracies such as the United States and Great Britain.



Botswana's democratic system is certainly not perfect. Which democracy is? It is an "elite democracy" (Good 1999) with authoritarian tendencies. Its deficiencies need to be taken seriously. Looked at from the perspective of the developmental state, however, its democratic system is not out of step with features regarded as important for successful development such as a strong and development-oriented leadership and relative autonomy of the bureaucracy. Those East Asian developmental states which are democratic, like Malaysia and Singapore, are also characterized by authoritarian tendencies. This is not to belittle the need for democracy. Indeed, Holm as well as Molutsi, who are both aware of deficiencies in Botswana's democratic system, stress the importance of democratic checks and balances to enhance the developmental perspective of the state (Holm 1988: 198; Molutsi 1989b: 128-9). Democracy as well as development are processes, which require constant attention. To date, however, Botswana has a commendable record in the African context. In the Freedom House Index of political rights and civil liberties there are, as of 2009, only two African democracies (Cape Verde and Ghana) in the top group of free countries which have a higher rating than Botswana; and Botswana in 2009 continues to be ranked as the least corrupt country on the African continent according to the Corruption Perception Index (CPI) published annually by Transparency International (CPI 5.6, rank 37 of 180, followed by Mauritius (42) and Cape Verde (46)).

4. Concluding Remarks and Outlook

Botswana's trajectory since independence has been characterized by remarkable consistency. The critical juncture which set the new state on its path was the transition to independence when, faced with the threat of severe poverty, a small population in a largely semi-arid and land-locked country and a hostile external neighbourhood, an enlightened leadership with a background in traditional society but imbued with a modern vision for the future of Botswana embarked on a nation-building project. The discovery of natural resources obviously gave the project an immense boost. The crucial component though can be said to have been the pragmatic (rather than radical nationalist, statist) approach the leadership chose to establish a developmental state.

The achievements Botswana has made in over forty years since independence are undisputed. Some weaknesses, however, have also been noted with respect to private sector development and manufacturing industry on the one hand and poverty reduction and greater equity on the other. There do also seem to be signs that the uninterrupted rule of a single party, the BDP, has led to a degree of high-handedness in the conduct of political affairs and, as one analyst from Botswana has said, some "complacency" in respect of future requirements to maintain the dynamics of development as conditions change (Cited in: Hanson 2008). As Mkandawire and others have pointed out, a developmental state is not static and can run into problems if it fails to meet the challenges it encounters on its path of development. Botswana has come a long way since independence, but its past achievements do not automatically guarantee future success.



The keyword for the future of development in Botswana is economic diversification. It has been suggested that the success of the state bureaucracy, centred around the Ministry of Finance and Development Planning, in macro-managing the diamond-dependent national economy and avoiding the “curse of mineral resources” may need to be revitalized in such a way to create greater capacity and more flexibility for the promotion of a more conducive entrepreneurial environment. Conteh insists on the need to strengthen state capacity to engage in successful interaction with, and promotion of, the private sector, rather than rushing into premature privatization – a course of action which would weaken the developmental state (Conteh 2008).

Structural constraints, however, represent an added problem for private-sector investment in manufacturing, not only because Botswana is a small and land-locked country but also because its neighbour is South Africa, the regional industrial powerhouse, to whose market it has been linked for many years through the SACU customs union (Hanson 2008). In respect of the East Asian experiences of South Korea and Taiwan the “flying geese pattern of development” has suggested that more advanced countries (Japan, in this case) provide the example and the competitive challenge for less developed countries to advance within a certain delay, first importing goods, then producing themselves and finally also exporting (Korhonen 1994). In southern Africa, it may be difficult for Botswana to emulate this pattern, as the way South Africa reacted to the Hyundai car manufacturing enterprise in the 1990s (no matter how problematic the project as such was) seems to have demonstrated.

The government of Botswana is aware of the challenges the country faces. In his first state of the nation address after assuming office president Ian Khama put particular stress on the fact that diamond revenue will not last for ever and that Botswana needs to achieve economic diversification by developing other sectors of the economy: tourism, agriculture as well as manufacturing (Khama 2008). The diamond mining industry, however, will continue to be the mainstay of the national economy for the coming decade and probably even beyond then. Botswana is, therefore, pursuing diversification initiatives related to the diamond industry by establishing a “Diamond Trading Centre” to engage in downstream activities of raw diamond processing and to increase the country’s importance as an international diamond centre. After the 2008/09 financial crisis which also hit the world diamond business prospects for the recovery of the market are said to be good. Botswana naturally intends to continue benefiting from its main mineral resource.

In the longer run the need to develop other productive sectors of the economy will become inevitable if Botswana is to maintain its impressive record of continuous growth. Such diversification is also necessary in order to improve the country’s employment situation and reduce the persisting inequalities. Even though Botswana does face quite daunting challenges, its experience as a democratic developmental state, given the basic significance of institutional features, is clear evidence that such a trajectory is feasible in the African context.



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FACULTY OF SOCIAL SCIENCES

Institute for Development and Peace (INEF)
Lotharstr. 53 D - 47057 Duisburg
Telefon +49 (203) 379 4420 Fax +49 (203) 379 4425
E-Mail: inef-sek@inef.uni-due.de
Homepage: <http://inef.uni-due.de>