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Success or Failure of Developmental States in Africa: Exploration of the Development Experiences in a Global Context

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Implicit or explicit in all rhetoric on development in African countries is undeniably a desire to improve the socio-economic aspects of all people by ensuring among other things a reasonable access to the necessary goods and services for a modest living. Lack of development implies a denial of choices and opportunities for living a tolerable life (UNDP 1997). Yet, in every African country the poor outnumber those who can claim to have security to the basic needs of life. Statistics indicate a rise of poverty, unemployment and inequality in many African countries, which is a nude manifestation that development in its broadest sense is an illusive ideal to many African states. This is more than a scandal considering numerous commitments by African states to alleviate poverty since it is tantamount to betrayal of the hopes for better life for all. It is not a secret even to the ardent optimists of Africa's development that nearly a half-century of post-colonial economic endeavour has not been enough for Africa to realize positive and substantive change in the socio-economic aspects of the peoples. The paradox is that nationalist struggles in the early years preceding and after independence in many African states drew strength from the socio-economic agenda and upliftment of the African peoples beleaguered by decades of colonialism.

Why so much poverty despite decades of preoccupation to achieve development by state and non-state actors alike (cf. Ferguson 1990, 1999)? We note that for most African leaders 'development' has been certainly a central preoccupation, which means that African states have been in one way or another developmentalist (Mkandawire 1998). Development is everywhere in Africa a hot general election issue. Lack of development, ill-development in some instances, is carrot to woo voters, a rallying call for mass mobilisation and political

consentification of peoples from diverse ethnic, cultural, religious and regional traditions. Independence from colonial rule was indeed a starting point for concerted indigenous action to engender development. After four to five decades of post-colonial development experience the capacity and drive of African countries and leaders to eradicate poverty and achieve meaningful development remains a far-fetched dream.

The question that often fascinates African poor, scholars and oftentimes the leader is whether Africa can make significant progress worth mentioning. What has come of United Nations development decades? While other regions, for instance East Asia, have registered significant development achievements and emerged from the quagmire of underdevelopment, African states too many to recount remain typical basket cases and lessons of failed development. While the so called Asian Tigers or newly industrialising Countries (NICs)-Korea, Thailand, Malaysia, Taiwan for example, have managed to reverse the crippling effects of poverty, through export oriented manufacturing industries strategy, many African states have failed in their import substitution and in many cases have slide back to the extent that at the turn of the 21st century in many African states there are more poor people than there were in the late 1960s (*The Economist* 2004:3-4). With development becoming ever more elusive, is it not time for Africans to rethink their development dream? In doing so, what lessons could Africa learn from the East Asian experience? Could Africa's salvation lie in the now acclaimed East Asian model of the developmental state? Just how good is the developmental state model as an analytical tool for assessing and predicting socio-economic and political failure or success of the Africa states? These issues are particularly crucial at this day and age when the global and the local are increasingly interconnected in the way events occur and the perspectives they elicit.

We pursue these issues by outlining Africa's development experience over the past four to five decades with an analysis of economic and social policies and the political and global context circumscribing Africa's development experience. We are very much interested in analyzing the domestic and external impediments to protracted growth and sustainable development in Africa and unlike others, advocate for cautious optimism about the applicability of the developmental state model, by showing that what Africa needs is not so much a strong state as a state that is capable of charting the path to sustainable development. As we argue below, at independence African leaders could argue that their greatest challenges were 'how to develop economically, and build nation-states' in a bipolar polar world where being non-aligned was often more imagined than real. The significance of the two challenges indeed made African states a unique group in the developing world. New challenges have assumed great prominence with the passage of time, including how to promote and protect national interests in a world that is unequally affected by the globalisation of poverty and marginality,

and how to deal with the scourge of HIV/AIDS which has affected Africa more than anywhere else (Nyamnjoh 2005).

Empirical indicators of Africa's failed development

In a recent publication, the United Nations Conference on Trade and Development (UNCTAD) summarised the economic situation in Africa thus:

African countries remain by and large dependent on the export of a few commodities, and terms of trade losses have further aggravated their capacity to invest in human and physical infrastructure. Present levels of national savings and investment are insufficient to ensure a process of accumulation necessary to place Africa on a sustainable growth path. Despite commitments by the international community to assist Africa in its efforts to achieve accelerated growth, the support provided has fallen far short of expectations. Indeed, official development assistance has suffered a continuous downturn trend, representing less than one third of the internationally agreed targets. Furthermore, despite recent action for the reduction of African debt, including the HIPC initiative, a permanent exit from debt problems is proving elusive (UNCTAD 2001).

This assessment underscores the fact that Africa is a continent of paradoxes. With abundant mineral wealth and other natural resources including abundant cheap labour supplies (all essential for a sound agricultural and industrial development strategy), African states and leadership are dismally failing to harness the continent's potential into meaningful development. The debate today revolves on prospects for Africa ever claiming the 21st century (The International Bank for Reconstruction and Development/The World Bank 2000). Africa's poverty, unemployment and inequality rates are undeniably the highest in the world. Average income per capita in most countries is lower than it was at the end of the 1960s (IBRD/WB 2002:2). Like the rest of the developing world, Africa's development challenges at independence are far from over. The continent is laden with hostile foreign exchange regimes, famines, civil wars, trade imbalances, low productivity in agriculture and industry, diseases such as cholera, tuberculosis and recently HIV/AIDS that are taking their toll on Africa's fragile and poverty stricken populations. Africa's participation in world trade has been declining steadily with export shares falling even in the traditional primary products (*The Economist* 2004).

In Africa where only 6 countries are in the upper middle-income category, at least 38 countries are classified as low-income (The World Bank Rankings 1998; Meier and Rauch 2000; African Development Bank 2003). Our discussion is centred on sub-Saharan Africa (SSA), where the bulk of the low-income countries are found. With the exception of North and Mediterranean Africa and South Africa, some have argued that 'Africa' is SSA, which comprises some forty countries, including the islands of Madagascar, Mauritius, Sao Tome and Principe (Iheduru

1995). The countries of SSA share some politico-economic characteristics such as low level of socio-economic development, dualistic economy (one rational economy and the other rural-informal), and state dominated structures. Politically, except for Ethiopia and Liberia, all have been colonies. Most African states have at one time or another come under authoritarian rule, for instance, Uganda under Idi Amin, Moi's Kenya, Banda's Malawi, Ahidjo and Biya's Cameroon, Eyadema's Togo, Mobutu's Zaire (now the Democratic Republic of Congo) and the military dictatorships of Nigeria. Almost all African states have dependent economies that are severely indebted externally. Foreign indebtedness at 10 percent of total developing countries debt is a serious problem in Africa reaching crisis level not because its total debt is greater than that of any region, but rather because the ratio of debt to the gross domestic product (GDP) is quite high. African foreign debt has been growing over the years, from US\$ 6 billion in 1970 to US\$ 9 billion in 1980 and US\$ 186 billion by 1987 (Iheduru 1995:47). In 2000, sub-Saharan Africa's external debt stood at \$206 billion (United Nations Conference on trade and Development 2001).

Some analysts argue that four to five decades of independence have brought Africans few economic benefits and in most instances the economic situation has worsened (Smith 1997; *The Economist* 2004). The worsening of the economic situation in postcolonial Africa is all the more striking when one considers the fact that during Africa's decade of independence, some countries like Uganda, Kenya and Ghana were at the same level of economic development like some Asian Tigers, and that despite possessing strong natural resource bases, trade, growth and development in these countries have failed to be impressive. For example, in 1965, Ghana's incomes and exports per capita were higher than South Korea's. However, by 1972 South Korea's exports per capita overtook Ghana's and its income level surpassed that of Ghana by 1976. Differential growth patterns account for the disparities in incomes per capita between these states. For example, during the thirty years between 1965 and 1995, South Korea's exports increased by 400 times while Ghana's increased only by 4 times, as real earnings per capita fell to a fraction of their earlier value (International Bank for Reconstruction and Development 2000:19). Ghana's experiences are indicative of the general trend in Africa, slow growth in exports and falling income levels per capita. As the World Bank further posits, the effect has been lack of development of the sort experienced in East Asia. With these statistics it is surprising that by 1995 economic and social indicators in many African countries were not any different from those of South Korea in 1960 or Indonesia, Malaysia and Thailand in 1975.

In World Bank terms, Africa is today caught in a low-equilibrium development trap, just as Asia was in the 1960s. With the exception of Botswana which has emerged 'from rags to riches', the lot of countries and peoples in Africa remains a precarious existence. Meier and Rauch (2000) note that, on average, incomes in many African states are now less than what they were two decades ago (see also

The Economist 2004). The rate of growth of gross domestic product (GDP) for low-income countries in Africa declined from 3.5 percent per annum between 1960 and 1973 to 1.4 percent between 1978 and 1980 and further to 0.5 percent in the 1982-1995 periods (Diejomaoh 1998). With the exception of South Africa, Sub Saharan Africa's average income per capita averaged just US\$315 million in 1997. The income for 48 Sub-Saharan African countries stood at less than that of Belgium, one of Europe's smallest economies. Worse still, Africa's average output per capita in the 1990s was less than 30 years before – with some countries having fallen by more than 50 percent (The World Bank 2000).

Other paradoxes of Africa's development experience are declining savings and investment per capita since 1970. With low savings rate in the region of 13 percent of GDP, investment rates are comparatively lower than other regions of the world and productivity on investments is diametrically disappointing. However, population growth has continued to rise with devastating effects on the environment and resource use, implying that it is difficult if not impossible for Africa to sustain a major long-term economic growth. Worse still, income inequality is as high as in Latin America, making Africa's poor the poorest of the poor with more than 40 percent of its 700 million people living below the internationally recognised poverty line of \$ 1 per day, with incomes averaging just \$ 0.65 a day in purchasing power parity terms (International bank for Reconstruction and Development/ The World Bank 2000:10; *The Economist* 2004:3-4).

Africa's share of world trade has also plummeted to less than 2 percent, resulting in high and persistent balance of payment and inflation problems crippling and effectively worsening prospects of a quick economic recovery. Consequently, some commentators talk of an 'African crisis', of multifarious dimensions characterised by declining food production, trade imbalances, rapid population growth and its implications, declining net inflows of external resources, rising external indebtedness, political instability and social disorders (Ayittey 1992, 1999; Samir Amin 1996; Hope and Kayira 1996; Hountondji 1992). Our own analysis traces the failure of Africa's development to two sources – unfavourable domestic and international economic and political environments, and suggest, metaphorically, that, development plans and rhetoric notwithstanding, Africa's lack of development is due largely to the fact that the continent's development potential is doubly crippled by two parasites, one internal, the other external. We now turn to a detailed appraisal of the domestic impediments to sustained and rapid growth in Africa.

Domestic economic, social and political policies

Economic and social policies pursued by most African countries are counter-productive and inimical to rapid economic growth (Schatz 1988). Policy means economic, social and political principles and priorities, which inform economic decision in the productive areas of the economy and society (Todaro 1992).

Generally speaking, policies that offer little or no incentive or which encourage courses of action that strain economic growth and defy sound social and political rationality are counter-productive and a danger to sustained economic growth and development. A typical case would be policies ostensibly designed to promote economic progress and benefit the rural and urban poor, but which ultimately benefit mostly the urban elite. In many cases, the policies pursued by African governments in the areas of agriculture, industry, foreign exchange and population have not been effective in the sense of bringing meaningful development to all and sundry.

Although the majority of Africans live in rural areas and agriculture is the main source of their livelihood, government policies have often served to constrain the growth of this sector. Throughout the 1960s and 1970s, African governments, with the exception of a few, neglected agriculture in favour of import substitution industries, which were biased in favour of urban-centred manufacturing industries (Meier and Rauch 2000). The zeal of farmers to produce enough food for subsistence and also for export to finance industry, was weakened by taxation of cash crops, controls of prices of food stuffs and low prices paid to farmers, under resourced, inefficient research and extension services and general under-investment in rural infrastructure. The proliferation of parasitic marketing boards also constrained agricultural development, as the marketing monopolies and price controls enjoyed by the marketing boards were a disincentive to the agricultural sector, as often, the higher prices on the international market never trickle down to the producers (Meier and Rauch 2000). On the other hand, government sponsored import substitution industries enjoyed monopolies or were protected from foreign competition by tariffs, import controls and other measures that constrained the development of a competitive spirit and appeared in many ways to legitimise inefficiency. It is now acknowledged that strong government involvement in the economy in many cases (of especially weak, dependent states under structural adjustment) prevents the evolution of a strong enterprising economic sector (Mkandawire and Olukoshi 1995). The hidden hand of global capital and its concerns, for example, through the IMF, World Bank and national interests of Western partners, make it possible for autocracy to pay lip service to democracy and development in exchange for guaranteeing the political stability needed by investors to venture into the periphery. In exchange for having weak foreign relations, autocratic regimes in Africa are afforded the ability and protection to flex their muscles vis-à-vis the development needs and expectations of their own populations, in a perplexing and mystical manner. Hence, instead of development for ordinary Africans who thirst for it, people's rights, dignities and expectations were bargained away in myriad ways in the name of development (Nyamnjoh 2001). Economic problems have only worsened in recent times thanks to decades of stifling structural adjustment programmes facilitated by local

dictatorships that have seldom hesitated to embezzle and bank abroad (Bayart et al. 1999; Mbaku 2004; Hope & Chikulo 2000; Nzongola-Ntalaja 2002).

The state and its technocrats substituted or prevented the emergence of an entrepreneurial class. This scenario reduced the state to an avenue for capital accumulation for those with access to state resources through 'blind forces' or serious mistakes in management decision, which, according to Hountondji (1992), culminated in a 'deliberate policy of spoils and plundering of public coffers by the ruling elite'. For two or more decades, Amin (1996) argues, African governments of both leftist and rightist ideological orientations assumed greater control over economic affairs, often advancing policies that facilitated governmental corruption. The effect of governmental corruption 'is not just crippling African societies: it is bleeding their potential' (Washington 1988). Hence, Nyamnjoh's argument that in most cases, 'The state-owned businesses are everything short of profit-making enterprises, they are in fact run as 'public private businesses for the benefit of patrons and clients in power, and more often than not, instead of making money for the state, the state is forced to borrow to keep them going, for what matters at the end of the day is patronage not prosperity' (Nyamnjoh 2000:25). And dishearteningly, Nyamnjoh further observes that if the African state is more often than not keener on patronage, this is more to check against popular modes of politics than intended to encourage economic policies committed to the eradication of misery.

There is adequate awareness that economic growth can only be meaningful if the population is not growing faster than the economy and individuals are less keen to monopolise the fruits of personal success (The South Commission 1990). Over the last four to five decades, African population growth rates have always been higher than growth rates in the economy (Abraham 1995; The South Commission 1990), and successful individuals have been keener to celebrate autonomy than to redistribute their wealth to those at the margins of the narrow regime of personal success. The net effect has been that the benefits of economic growth are absorbed by a growing population, but with few graduating into a life of comfort and dignity. In most instances population growth has exceeded that of food production. For instance, in the 1950s annual population growth rate was 2.1 percent. By 1970 it jumped to 2.7 percent and in the 1980s it was 3.0 percent. In contrast, food production grew by 1.8 percent (Abraham 1995), leading to food deficits and the need for food imports and aid and increasing malnutrition and famine (Diejomaoh 1988; FAO 2000). These aspects have a debilitating effect on Africa's overall economic performance not to say about prospects of sustainable development.

It is informative to realise that there are certain domestic elements, which though non-economic, have influenced Africa's harsh economic realities. Such factors as political instability, authoritarian regimes and unprogressive attitudes have impacted negatively on economic growth (Ayittey 1992). Fragile political

institutions for instance create insurmountable barriers to economic prosperity, especially in warfare situations. Myriad military coups and dictatorships partly account for Nigeria's and Ghana's economic crisis, while civil wars in Mozambique, Democratic Republic of Congo (DRC), Sierra Leone, Angola, Somalia and Liberia have paralyzed or prevented growth of their economies (Ray 1998). In Sudan the GDP fell almost two percent in 1988 due to the combined effect of civil war and drought (Abraham 1995). In countries with authoritarian regimes like Malawi under Banda, long term economic objectives and strategies were replaced by myopic, short-term policies like large public sector deficits to support politically determined projects (Hope and Kayira 1996), while in the multiparty political dispensation lending decisions are based on political and other non-financial criteria. This scenario reflects conflict between economic and political rationality, which according to Schatz (1988), enshrines government schemes providing opportunities for graft, and political patronage.

For many African states, the production of primary products like agricultural raw materials does not encourage technological innovation, particularly where peasant or smallholder cultivation prevails. It tends to freeze technical initiative, which Kindleberger terms technological 'fossilization' (Kindleberger 1958: 301). On the other hand, the production of primary products in plantations or technologically advanced plants encourages disparities in the distribution of wealth by concentrating the benefits of comparative advantage to few elites or firms or international companies originating from advanced countries, which end up repatriating the profits. In practice the developed nations, through their economic power, extract the greater benefits (Griffiths 1999: 169) and within African countries, export earnings tend to be distributed very unevenly among the rural population (Todaro 1992: 373).

International political economy

The world economy is more integrated now than it was two centuries ago. Decisions made in one part of the world have an impact on other countries because of ever growing economic linkages and interdependency on the basis of comparative advantage. The theory of comparative advantage recognises that countries have different economic opportunities and capabilities and developing those capabilities for the market is the logical way for maximising economic returns through trade. This implies that countries should specialise in the production of commodities in which they have comparative advantage that is relatively more efficient, and exchange for commodities of their comparative disadvantage (Salvatore and Dowling 1977: 63). The most important normative aspect of the law of comparative advantage is the contention that any resources should be invested in the export products rather than in the import competing or substituting industry; on the basis that a country would be more efficient in the production of the export good which could then be exchanged for desirable import goods.

Inherent in the theory of comparative advantage is the firm belief in market efficiency and therefore it is also a call for free trade, liberalisation of markets and competitive market ethic espoused by the classical theorists like Adam Smith and David Ricardo and the neo-classical economists epitomised by the Washington consensus. The links were mainly trade, investment flows and labour movements. However, Africa has historically been at the margins of the global economy (Ayittey 1999), experiencing unfavourable terms of trade, investment flows and labour movements.

The international division of labour between the industrialised centre (rich countries) and the non-industrialised periphery means that African countries participate in trade through exports of products in which they have advantages derived from nature and tradition rather than from the productive skills of their labour and desire (Amin 1997). This trend has its antecedence in the colonial era, when the colonial administration in Africa deliberately inhibited industrial development and promoted heavy reliance on the export of primary products, with the result being low prices and price fluctuations. The perpetuation of this trend is responsible for Africa's plight, particularly the failure to diversify economies after independence. The World Bank acknowledges that Africa's slow economic growth is a reflection of poor export performance, especially the very low and unreliable prices paid for African commodities. The terms of trade as governed by the theory of comparative advantage are unequal, thus international distribution of income has become more unequal; and the differences in economic structure among countries bias the gains from trade in favour of the technologically advanced and industrialised countries (Meier 1989: 384). The specialisation in the production and export of primary products therefore compromises the development potential of African countries. In fact, for a number of reasons, few African countries have benefited from the international division of labour.

First, the price elasticity of demand for most non-fuel raw materials appears to be relatively low (Todaro 1992: 372). For instance, the income elasticity of demand in developed countries for Africa's agricultural raw materials, food stuffs and beverages supplied is less than one, that is, an increase in income of one per cent leads to a less than one per cent increase in expenditure on these products. This implies that in the long run the share of African countries in the world economy declines (Salvatore and Dowling 1977: 173). Apart from declining share in world trade over time, prices of primary products are far from being stable, which implies uncertainties in revenue from exports. For example, between June 1980 and June 1982, the price of sugar fell by 78 per cent, rubber by 37 per cent and copper by 35 per cent, a trend that has continued till date, for all primary products, with the exception of oil and diamonds. As the value of exports fluctuate widely, a specialised country lacks control over national income, money supply and hence over its rate of development. This captures the plight of Zambia, for

example, whose economic downturns have been occasioned by its excessive dependence on copper exports (Ferguson 1999). The declining terms of trade against producers of raw materials condemn African countries into worsening poverty, underdevelopment and dependency on developed countries and the Monetary Fund (IMF) and the World Bank for development assistance and balancing of budget deficits. Unequal exchange increases inequality between countries, thereby making the poor poorer and the rich richer (Emmanuel 1976). Prevailing unfavourable terms of trade drain Africa of scarce resources. According to UNCTAD (2001) 'unchanged terms of trade' could have made available resources for domestic uses and investment which under optimum productive levels could lead to economic growth at a much faster rate and raised income by as much as 50 percent.

African states are victims of their own specialisation in primary production, which is subject to ever declining terms of trade. As wealth per head at a global level increases, African countries should not expect fair prices for raw material exports. Even if the physical output of raw materials and manufactured goods grow at equal rates, the terms of trade will still shift against raw materials. Unlike the developed world where increased efficiency takes the form of higher prices for factors of production and constant prices for goods, in developing countries, factor returns are low in spite of increased productivity, and implies that the benefits go abroad due to lower factor prices in developing countries (Kindleberger 1958: 298). Ultimately, the international trade in raw materials serves to transfer wealth from poor African states to wealthy ones via the price mechanism.

The failure of African producers of primary products to control over production is another weakness. Price declines are not duly due to unfair practices of the rich countries rather over production in developing countries. The competition among the producers of primary products to out bid each other aggravates the downturn pressure on prices, resulting in additional transfers of resources to the rich countries, the 'North' (The South Commission 1990: 178-9). However, the tendency of the terms of trade to turn against African countries is not an argument against specialisation in foreign trade. Rather, there is need for greater flexibility in the allocation of resources so as to take advantage of the benefits in foreign trade and to limit losses when demand shrinks or competitors out do African producers. Although this argument shifts the blame back to the African countries, it is important to realize that resources of these countries are relatively fixed such that it becomes easy to respond to an opportunity or improvement of trade but extremely difficult to respond to a decline by shifting resources to other sectors. Zambia is a typical case in this regard. Over investment in the copper mining sector attracted a lot of other economic activities but when the mining sector started to decline the government could not adjust immediately into non-mining activities as easily as a developed country could have done. The

effects on Zambia's higher than average urban population have been illusive expectations of modernity (Ferguson 1999).

The development of synthetic substitutes for instance reduce the demand for primary commodities or raw materials such as synthetic rubber for natural rubber, orlon for wool, nylon for jute and cotton, plastic for hides and skins and many others (Salvatore and Dowling 1977: 173). As agricultural commodities and raw materials originating from African states are being displaced by man-made substitutes produced in the industrialised countries (The South Commission 1990: 178), the share of the world market export earnings for synthetic products rise over time while the share of primary products falls (Todaro 1992:372). The beneficiaries of this trend tend to be the developed countries rather than the African states. In addition, owing to technological advances in the developed countries, new technological breakthroughs increase efficient utilisation of raw materials which means the raw material content of many manufactured goods tend to diminish (Salvatore and Dowling 1977: 173). Over time the demand for raw materials declines because of improved efficiency and this implies a market loss to exporters of primary commodities (The South Commission 1990: 178). Declining consumption of raw materials is not only a function of technological efficiency in the use of raw materials but also a reflection of structural changes in the economies of developed countries as the service sector develops. Salvatore and Dowling, for instance, note that rapid increase in the output of services than commodities in developed countries results in declining consumption of primary products since services have generally less raw material content per dollar or per Euro of out put than manufactured commodities (Salvatore and Dowling 1977: 173). In the case of agricultural food stuffs like sugar, wheat, fruits, vegetables and oil seeds, which are also produced in developed countries, trade barriers or protectionism in the form of tariffs, quotas and non-tariff barriers – such as sanitary laws regulating food and fibre imports – have a devastating effect on developing countries (Salvatore and Dowling 1977: 173). For instance, the common agricultural policy of the European Union (EU) is more discriminatory against food exports from developing countries. To Todaro this is much more discriminatory than the policies that had formerly prevailed in the individual EU nations (Todaro 1992: 372).

In the area of investment flows, African states have benefited from investment decisions and technology transfers of multinational corporations and bilateral agencies. However, it is pertinent to point out that the level of international investment is low compared to regions such as South and East Asia, which have benefited more from Western capital, particularly from the USA (Ayittey 1999). Given a chance Africa would benefit accordingly, but geopolitical considerations work against the realization of such a vision, since power relations determine the dynamics of investment flows (Abraham 1995). Ironically, compounding this apathy for Africa by international investors, is the brain drain by some of Africa's

best brains. Although brain drain has sometimes been noted to yield brain gain, in general, Africans in the Diaspora contribute more to the development of other continents while Africa is languishing, devoid of proper leadership, skills and other specialised knowledge (Abraham 1995; Odhiambo 2004).

Is there hope for Africa?

What we have shown so far is that the slow growth of Africa's economies and apparent dismal development can best be understood by disentangling the complex interaction of specific internal conditions and the logic of the world expansion of capitalism. The need for analysis of this kind cannot be overemphasised if Africa is to achieve its poverty reduction millennium objective by the year 2015. The opposite is to ignore these interactions. This is what African leaders and academics who legitimate their positions with doctored statistics and uncritical conceptual noises advocate, ignoring internal shortfalls and focusing overly and exclusively on colonialism, imperialism, slavery, the unjust international economic system and exploitation by multinational corporations as if domestic environments were totally beyond impeachment (Ayittey 1992). Any analysis which ignores corruption of Africa's political class, the fragility of Africa's economic base, the low productivity of Africa's agriculture, ethnic belonging, and other factors that render Africa uncompetitive and risky for investment, is in every sense counter-productive. The success or failure of Africa's political economy could only be appreciated by analyzing its structures, underpinnings and directions within its own history and that of the international capitalist system (Ayittey 1992; Iheduru 1999). There is need for long-term and interim development objectives for each Africa country (South Commission 1990: 14-15).

With the failures highlighted above, one is bound to interrogate the extent to which African states are able to achieve development on the model of the developmental state (Mkandawire 1998; Taylor 2001, 2003; Stein 2000). At independence in the 1950s and 1960s, mainstream development and political theory, multilateral organisations and donor practice emphasised the importance of the state in the development process. Since then change has essentially been unidirectional, continuously shifting the frontier between developed and developing countries (Bigsten 1999). Throughout the period from independence, nowhere in Africa can it be said that the state assumed a back seat role in development discourses. Many African states adopted structural adjustment programmes (SAPs) supported by the IMF and the World Bank. SAPs encompassed rapid and extensive liberalisation, deregulation and privatisation of economic activity as a way of overcoming economic stagnation and decline. While the SAPs have been applied more intensely and frequently in Africa than in any other developing region (UNCTAD 2001), hardly has any African country graduated from such programmes with success, establishing the conditions for rapid, sustained economic growth (Mkandawire and Olukoshi 1995).

De-industrialisation is one remarkable effect of trade liberalisation in a good number of countries. Yet, only a few African countries – for example, Botswana since independence and Uganda lately – are making substantive progress (Taylor 2003b). These states have a semblance of the developmental state whose main characteristic is a strong and sufficiently autonomous government. In the words of Ha-Joon Chang (1999: 192) 'this state takes the goals of long-term growth and structural change seriously, 'politically' manages the economy to ease the conflicts inevitable during the process of such change (but with a firm eye on the long-term goals), and engages in institutional adaptation and innovation to achieve those goals'. Botswana's ruling party, the Botswana Democratic Party (BDP) and Uganda's National Revolutionary Movement (NRM) government of Yoweri Museveni appear to offer such a vision. Botswana's success story is attributed to her dynamic, democratic and development-oriented policies. Similarly, Uganda's recovery is attributed to the efforts by Yoweri Museveni's National Revolutionary Movement (NRM) to re-introduce law and order, providing conditions for favourable change, and a vision and environment for effective institutional building and conflict management. These adjustments are notable because in essence they provide a good environment for the growth of the private sector. In the case of Uganda these conditions have also won back the support of international financial institutions and donor countries. Uganda is further noted for successfully containing the spread of HIV/AIDS, a rare and remarkable achievement on the African continent. Such successes, limited though they are, would suggest not only the need of a strong state to transform economies of Africa, but also the responsibility and commitment to vision of development in the service of human dignity. This notwithstanding, the debate is far from ended, over the role of the state in development, and the extent to which the state can legitimately regulate the involvement of private initiative in national development. Whatever position one takes in this debate, it is obvious that development is only possible with a reduction in policy distortions at the macro level and in investment risks, and with an improvement in public services and infrastructures, greater efficiency (Bigsten 1999: 25).

Although liberalisation of economies is resented in many African states, in some cases it is the only way of relieving the state of unhonoured responsibilities. Elites have seemed the most creative not at mobilising and conscientising the masses for collective interests, but to curb mass involvement, controlling and strengthening their own omnipotence in national socio-economic and politico-cultural life (Nyamnjoh 2000:24; Mbaku and Saxena 2004). It is hardly surprising therefore that scarce resources and donor funds are not invested in human, rural, urban or industrial development but in consumer luxuries. African elite excels in foreign consumption while the masses they govern are starving. Democratic change in the 1990s has not in many cases reoriented the consumption of African leaders.

In Malawi, the government spends millions on maintaining several state residences, numerous presidential trips within and outside the country, media institutions catering for the affluent, and many more senseless endeavours while the people are dying of hunger and curable diseases (Englund 2002, 2004). The plight of poor Zimbabweans has not eluded the grasp of international media. While attention has been on the big people in government, as politics is often taken to be the serious business of big people, it is the ordinary people who are paying the price with their own lives and dignity (Mate 2005). The situation is so dehumanising that to some, African states has reached a dead end. Ordinary people seeking nothing more than their daily bread are increasingly dehumanised and it is not uncommon for the desperate poor to wish for a return to the colonial era when their humanity was greatly devalued but life was at the same time much better (Nyamnjoh 2000).

African states may not have the advantages and conducive environment of the East Asian Tigers, but this has not stopped their governments from endorsing the rhetoric of the developmental state. The few who have made some success as developmental states, Botswana for example, there has been failure to diversify the economy by developing a vibrant industrial base despite the determination of the ruling elite and in spite of a competent bureaucracy (Taylor 2001). The end of the Cold War and the rise in importance of the states of Central Europe has meant fewer Western donor funds for African states (McGraw 1992: 267).

It is time for the development of new thinking informed both by African specificities and the success stories of East Asia. Intensified globalisation has increased the challenges to the political capacity of African states to determine their destinies, as political borders have become more porous to the flows of goods and capital, passage of people, communication through the airwaves, airborne traffic and space satellites, which were not a threat to the same degree when the East Asian states registered record economic growth. As the vulnerability of the African state to outside influences grows, the capacity to forge centralised polity as the model of developmental states postulates becomes difficult to attain. The context in which African states have to operate is increasingly difficult for any government to pursue autonomous foreign and domestic policy (McGraw 1992). The vulnerability of the African state is worsened by the readiness of powerful actors such as western governments, international non-governmental organisations (NGOs) and multinational corporations to bypass the so called 'inefficient and corrupt state structures'. That Africa's institutional structures need reform to win the trust of the donor nations need not be overemphasised since experience indicates that African states cannot do without foreign aid, just as they cannot forge an indigenous or homegrown economic system autonomous from the West. However, there is need to guard against the tendency of donors dictating economic policies that only compound the marginality of local actors

and structures. Development in Africa would remain largely an illusion, because of the weaknesses of African states to the 'perceived exigencies of a global economy' (Taylor 2003a), compelling Africa states to perpetually adjust to the demands of accumulation in the rich states by further marginalising the very people they are supposed to protect (Amin 1997).

There are advantages of being late developers, as Africa's underdeveloped states can afford themselves the advantage of being able to draw lessons from the few success stories on the continent and elsewhere. The economic strategies that have made Botswana an enclave and epitome of what Africa can achieve with sound economic management can be of benefit to the countries in the Southern Africa Development Community (SADC) and beyond. African states may as well learn from the technologically advanced industrial societies of the West and the new industrialising countries of East Asia. One of the major lessons could be that while short-term growth may be heavily influenced by the international business cycle and global economic environment, long-term development trends are more directly the result of economic fundamentals – savings, investment, population growth, trade and productivity improvements as well as policy reforms in various African states (IBRD/The World Bank 2002: 27).

Africans needs to emerge from the quagmire of classic Marxist – dependency syndrome of explaining the lack of development in Africa. Pre-occupation with the leading scholars of the dependency tradition that western development was possible only as a result of the creation of a capitalist world economy – the central mechanism for exploiting non-Western areas and preventing them from developing, thus ensuring they remained economically 'underdeveloped' (Haynes 1996:9) need to be replaced with a balanced world view. Overemphasis on the negative effects of imperialism and the international economic system without a concrete course of action has retarded the development of Africa. Even if the development of the industrialised countries was possible only because of the underdevelopment of the Third World, decades of experimentation have shown that Africa cannot achieve sustainable development through policies of disengagement from the global capitalist system. Self-sufficiency, socialism and calls for increased trade between African states and with 'progressive' states elsewhere have not yielded the intended results. The economic rise of the East Asian newly industrialising countries – South Korea, Thailand, Hong Kong, Malaysia and Taiwan – since the 1970s could have been unimaginable without a negotiated or nuanced understanding of dependency.

It must be understood that compelling though it might be, an over focus upon the international capitalist system can only neglect domestic factors such politics, culture, inter-ethnic tensions and all the divergences that affect the development chances of Africa (Rangel 1986: 42). Enriching though divergences are supposed to be, their impact on the development prospects of different African states has largely been negative, for various reasons internal and external to Africa.

The scenario is compounded by geographical factors like population/resource ration and global location of states involving specific geopolitical and core-periphery relationships that may encourage but largely appear to hinder development prospects (Wallace 1990: 222).

Basic geographical and demographic differences have significant effects on the policy options of many African states. For instance, territorial extent is important because it is associated with the quantity and variety of natural resource endowments available to be harnessed. States such as the Democratic Republic of Congo (DRC) and Malawi are bound to develop economies that differ in their internal diversity and dependence on foreign trade simply because of the sheer territorial extent. Industrialisation in small states like Botswana appears to be constrained by technological and market requirements. The low levels of per capita income undermine the potential benefits of a policy of import-substituting industrialisation. Plants are either too small to achieve economies of scale, or else plants of the minimum economic size are grossly under-utilised (Wallace 1990: 231).

If we take into account the cultural, political and economic diversity of the African states, the result is a diversity that makes comparative analysis of development along a single trajectory highly problematic. Experiences from some West African states like Nigeria, Côte d'Ivoire, Liberia and the Great Lakes states of Burundi and Rwanda reveal the indisputable fact that higher rates of politicised ethnic diversity reduces development by raising risk of conflict and difficulties of cooperation in commerce as well as development policy formulation. The breakdown of law and order in Somalia, a nearly mono-ethnic state, manifests the politics of poverty and accumulation hinged on appropriation, growth and distribution of state resources.

It is now widely accepted that corruption has large costs for economic development. Higher levels of certain forms of corruption are associated with lower growth and lower levels of per capita income. Corruption also undermines the competitive forces that are central to well functioning of markets in the sense that it distorts the choice between activities and lowers the returns to public and private investments (The World Bank 2002b: 106). In situations where new firms have to pay bribes to get registered and begin operations, some may well decide simply not to enter. Common forms of corruption are also associated with low public spending on health and education, which in turn limits opportunities for poor people to participate in the economic life of their countries. At a deeper level corruption weakens the legitimacy of the state (The World Bank 2002b: 106).

The policy environment needs serious consideration, especially in light of the temptation for politicians to use tax policies to reward their friends and supporters with exemptions and other loopholes. Politicians can also use the institutions of

tax administration to persecute their enemies with repeated audits and harassments by tax inspectors. Such arbitrary actions have the consequences of encouraging perceptions of unfairness that feed taxpayer non-compliance. Institutional reform is a necessary change, especially the creation of autonomous tax administration from the ministry of finance to improve fairness and depoliticisation of tax administration. However, often, the potential benefits of autonomy are not always realized because of lack of sustained political autonomy (The World Bank 2002b: 111).

Africa cannot afford to ignore the development of financial institutions if at all development is to take root. Sound and efficient banking and insurance systems are crucial for poverty reduction efforts. Development of banking and financial institutions played crucial if not essential roles in the development of industrialisation in England in the eighteenth century, the United States in the nineteenth century and much earlier in the Netherlands in the seventeenth century. Banking facilitated the mobilisation of capital for large investments (World Bank 2002b:75-6), hence financial development contributes significantly to economic growth and through a strong effect on economic growth, poverty reduction and income distribution.

The challenge of development is not solely one of dismantling the economic, or political, or financial conditions prevailing in Africa. It is a tangle involving a complex web of interacting elements both local and global that hinder development in Africa while facilitating progress in other parts of the world, and the diversities all over Africa making it problematic for a single prescription even among neighbouring countries with similar common ethnic make up, political system and resource endowments. The hope for Africa does not lie in ideology rather pragmatic approach to the enduring challenges and emerging consequences of the ever shrinking global polity which paradoxically is engendering a widening of disparities between nations and among people within nations. We are optimistic that just as the world has been able to halve poverty in the twentieth century in other continents, the twenty-first century will be Africa's century subject to realistic internal adjustments and negotiated global capital and political imperatives to Africa's dream of halving poverty by 2015. There is a strong case for Africans to work within real life situations to make things better. Idealised version of a developmental state in a global polity that privileges the market imperatives make this all a castle in the air. Africa is not bankrupt of development ideologies, what is missing are not mere development ideologies rather concrete steps to effect economic growth, reduce poverty and achieve significant development.