REVIEW ARTICLE

The State and Economic Reform in Africa

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Carol Lancaster, 1999. *Aid to Africa: So Much To Do, So Little Done*. University of Chicago Press. 303pp. paper $22.00.

David L. Bevan, Paul Collier, Jan Willem Gunning, 1999. *The Political Economy of Poverty, Equity, and Growth: Nigeria and Indonesia*. 464pp. Oxford University Press. Out of Stock

Thandika Mkandawire and Charles Soludo, *Our Continent, Our Future : African Perspectives on Structural Adjustment*. Council for the Development of Social Research in Africa. 176pp. Hardcover $79.95

To go by the press, and according to many objective observers in Africa, the African continent is in deep, self-made trouble in multiple dimensions-mass poverty, wars, famines, corruption, ethno-linguistic fragmentation, the AIDS pandemic, dictators, even inability to utilize external donor money to cure itself.[1] The press is right but its explanations are often wrong and tendentious. So is a growing number of academic publications on the subject.

In a recent cover story of this genre, *The Economist*, often well-informed and judicious in its coverage of the region, declared Africa "the hopeless continent", at a level below the deplorable standards of "the dark continent" which was customarily entitled to the hope of light, at the very least. It traced the root source of the continent's chronic problems to a perverse all-African culture, a servile lack of self-confidence among Africans on which tyranny, disorder and corruption perpetually thrive. It would be fair to remind ourselves that there are forty six countries in Africa south of the Sahara, a region with the largest diversity of languages, cultures, and national economic performance in the whole world. If the sweeping generalizations now in vogue about Africans as a people were made about all Asians in continental Asia, the Jews, or the Americans, there would be a global outcry of unprecedented proportions. According to conventional wisdom in the new discipline of all-Africa catastrophe studies, however, the shocking human mutilations and senseless carnage of the Sierra Leone and Liberian warlords become symptomatic of "Africa" in a way the violence in Sri Lanka or the Khmer Rouge could never be typecast as an "Asian" political affliction. Yet so widely publicized and accepted has the notion of a pitifully homogenous, lachrymose Africa become that a vocal squad of African intellectuals has now thrown its weight behind it, the better to give an authentic native voice to the cultural perversity theories of their own societies. Their school of thought should recall, however, that whether in Africa or elsewhere, the sweeping cultural model has historically been a weak weapon in solving the intractable social and economic

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problems of the sort Africa now faces. On the contrary it has often served as a handy tool for aggravating them, if not inventing them in the first place.

We owe to the late Thomas Kuhn the observation that the most spectacular breakthroughs in scientific knowledge originate from accumulating *anomalies*, starting always with a few, that are observed between conditions normally assumed to behave identically. Contradictions to the norm stimulate the formulation of superior paradigms that enable us to transcend a problematic present. The all-Africa catastrophe tradition, in contrast, denigrates any anomalies in the shape of African success which it encounters as trivial, few, foreign-made and inconsequential. But given the demonstrated potential of anomalies in advancing both scientific and social transformation, it would be as foolhardy to ignore them as it would be to deny African culpability in the continent's well-rehearsed litany of disasters--a favourite tactic of the "white imperialists" baiting African left. Thank heavens then for these three newly published books which deal with the vicissitudes of development policy-making and implementation in Africa. Not only are they exceedingly well-documented and authoritative in their analyses, they also courageously take on board the norm of failure, the successes, and the gray zone in-between. Our Continent, Our Future in particular deserves a special accolade. A truly refreshing product from two of Africa's most outstanding economists, it draws heavily from the research efforts of their African colleagues, a group seldom heard from in Africa's raging debates. Each in its own way, the books provide uncommonly fresh and persuasive explanations of variations in African economic performance between countries and over time. They also deal with the problematic relations between African development initiatives and external donors--yet another controversial headline story relevant to the elusive search for the cure of Africa's multiple problems.

By most informed accounts on the subject, the seeds of the mushrooming official development aid movement in the second half of the past century were planted unwittingly by the British Colonial Development Welfare Act of 1940. Designed to alleviate mass poverty and modernize economies in the then colonial world, the movement's administrative framework of choice was government-to-government financial assistance, complemented by the efforts of official multilateral institutions like the United Nations' specialized agencies, the World Bank, and the International Monetary Fund. Although, in their infancy, these efforts earned a stern rebuke from a few critics like Lord Peter Bauer, an advocate of free enterprise and local initiatives as the ideal path out of third world poverty, aid programs multiplied through the years under the benign indifference of Western voters and a grudging acceptance by their third world beneficiaries. But after six decades of chequered expansion, that uneasy honeymoon is all but over.

In mid-April, over 10,000 demonstrators converged on the mecca of the global development business-the World Bank and the IMF in Washington DC-determined to shut down their normally sedate annual gathering of the world' finance ministers and central banks governors. Fired by the their successful routing of the World Trade Organization meeting in Seattle in November 1999, the demonstrators berated the IMF and the World Bank for pandering to multinational corporations at the expanse of workers, funding environmentally disastrous projects, aggravating world poverty, and consorting with third world dictators. With specific reference to Africa, western finance ministries and the multilateral agencies were accused of saddling the countries with huge debts whose repayment now made it impossible for African states to vaccinate and educate the sickly children, and to feed the hungry-an outcome the protestors have compared to slavery. Pope John Paul II, the Archbishop of Canterbury, and a coalition of chief rabbis have demanded a debt moratorium for Africa. In fairness though, it should be pointed out that nobody forced the African governments to take the external loans at gunpoint. More than anybody else, they should take responsibility for the fact that despite receiving the highest amount of foreign grants and loans per capita of any region in the world--$26 in 1997, as compared to just $3 for South Asia and $13 for Latin America-Africa's quality of life on average has deteriorated whilst it shows guarded promise in other parts of the third world. Even then, donor agencies still need to be put in the dock to explain why they kept the financial spigots wide open, long after it had become clear that the gushing dollars mostly ended up in the African quicksand or in numbered Swiss accounts.

What went wrong? Anybody who is curios about the internal functioning of the multiple official aid agencies working in Africa should be directed immediately to Carol Lancaster's Aid to Africa, a thorough compendium and evaluation of who is who among Africa's external donors. Invoking Tennyson's *In Memoriam*, it concedes at the outset that the aid fraternity has a case to answer since there has been "so little done, such things to be." A former deputy head of the United States Agency of International Development, Lancaster ploughs through a vast amount of published sources and unpublished government documents, supplemented with oral interviews, to provide detailed portraits of the aid bureaucracies of Africa's top bilateral donors (the USA, France, Britain, Sweden, Italy and Japan), before turning the analytical spotlight to the leading multilateral agencies (the World Bank, the European Commission). In a rhythmic, if sometimes tedious pattern, the structure of each one of these institutions is laid out, followed by its goals, levels of its funding over time, a list of the target African states, concluding with lucid evaluations of the organizational capacity to deliver aid effectively and the reasons behind it. Overall, she finds that "aid itself has been relatively ineffective in Africa." The principal reason, she argues, can be traced to the inchoate nature of the aid bureaux, and their mission creep into all aspects of African societies, combined with insufficient understanding of the latter. Compared to their counterparts in Italy, the US and elsewhere, the denizens of Britain's Department of International Development should be pleased with the top ranking they receive for combining professionalism and effectiveness with intellect, give or take a few scandals like the Malaysia's Pergau dam in the Thatcher years. Lancaster attributes aid's failure primarily to political interference by Western governments as they seek to promote "non-development" goals like culture in case of France, the welfare state by Sweden, and cold war strategic interests by the US. Predictably, Aid to Africa makes a spirited case for politically-insulated, technically-oriented aid agencies dispensing funds-under mutual consultation--to the best achievers on the basis of merit. However, growing doubts about aid in Western legislatures, more open political systems in Africa, the massed ranks of street demonstrators and dissenting non-governmental organizations, and mistrust of the donors' mecca by religious leaders, will all ensure that the opposite happens: more, not less political involvement in aid policy-making and implementation.

In that regard, it is a pity that Lancaster omitted the shadowy and unaccountable IMF in her study-"a law unto itself" according to Harvard's Jeffrey Sachs. Though technically not a donor, its economic "stabilization" programs in Africa are now blamed, among other things, for aggravating poverty, dissipating good projects, and undermining democracy. Mkandawire and Soludo share these sentiments, while *Nigeria and Indonesia* is a little kinder. Though censored for incapacity to formulate workable national economic programs, African states get off far too lightly, even as the three books demonstrate how quickly they gave the game away to the donors. Strikingly, Lancaster arrived independently at a conclusion similar to those of the much-praised 1998 World Bank study, *Assessing Aid: What Works, What Doesn't and Why*: since aid is "fungible" (usable anywhere), it should aim not just at promoting sound macro-economic policies and projects, but also at wall-to-wall institutional reforms from the rule of law, secure property rights, participatory decision-making and accountability-a solution which resembles democratic rule. This root and branch approach, much beloved of revolutionaries in human history, is but the latest unwitting admission of how central political reform is to economic development. As the new "comprehensive" reform paradigm now attempts to refine its practical strategy from the divine oracles of mathematical economics, African policy-makers and intellectuals should weigh the doubtful prospects of a democratic capitalist revolution by algebra.

Fortunately, there are compelling options on the policy menu, more inspiring than mathematics. Nigeria and Indonesia breaks from the econometric pack to provide a truly outstanding account of the anomaly between economic regress in Nigeria, and Indonesia's faster and more equitable growth between 1973 and 1990, using the comparative case study method which has largely disappeared from economics. In fact the book is part of a new World Bank publications series, intended to discover what reform policy lessons can be gained from the divergent national economic experiences between states which otherwise share broad similarities. Nigeria and Indonesia are large, multiethnic, agricultural yet oil-rich economies with long traditions of military rule. Until the 1997 Asian financial crisis, ribald, jokes were made comparing Indonesia's "functional" corruption with the self-destructive variety pursued by Nigerians. This book should disabuse anyone who believed in them. In highly intricate detail, it shows that although the initial economic conditions slightly favoured Indonesia, both states were for years prey to corrupt elites, wrong-headed economic nationalism, faltering commitment to liberalization, and sterile domestic factional conflicts. But while successive Nigerian governments failed to learn lessons from this, Indonesia made a clean break with the past between the 1973 oil boom and Mexico's default in 1982, courtesy of an unprecedented alliance between enlightened technocrats, the army, foreign investors, and powerful civilians. That almost accidental constellation of events, the authors hint, shows that large scale social transformation is subject to human choice, and that given current levels of technical knowledge it can occur in relatively short periods-in the case of Indonesia a mere twenty years. This should open a window of opportunity to the now problem-ridden Olusegun Obasanjo government in Nigeria. Whatever happens there, this book-a product of threes scholars associated with Oxford University's Center for the Study of African Economies--should be required reading for the Nigerian government, and for anyone else desirous of turning Africa's most populous country around at this, its greatest hour of need.

Part of the now controversial debts to Africa were incurred to finance the most expensive external "technical advice" per loan dollar ever given, and of the type Nigeria may be told it now needs, given Indonesia's experience. But the research output of the twenty five African economists which informed *Our Continent, Our Future* should be cited as evidence that plenty of the technocratic talent for turning African economies around may be already at hand. Nigeria and Indonesia considers that true of Nigeria. Mkandawire and Soludo deplore any "paternalistic and contemptuous" attitudes to African technocratic talent, and proceed to demonstrate the need for case-specific remedies for a continent as diverse as Africa, without once shying away from the catastrophic conditions that afflict large parts of the region. While fully acknowledging the domestic origins of Africa's economic regress after the 1980 oil crisis, the book juxtaposes that experience with the more positive one between 1965 and 1975. Though not problem free, the earlier phase witnessed rapid growth, more local savings, and an expansion of education and health services under the tutelage of more effective African governments than we observe now. The book contains a stinging rebuttal of the World Bank's now defunct structural adjustment programs, an accessory to the regress that befell Africa after the 1980s, and concludes with a clarion call for African elites to begin the reconstruction of effective and broadly legitimate states, which an African market-led recovery now so desperately needs.

That of course will be easier said than done. The ideas of a state accountable to the governed, based on separation of powers and the respect of private property are essentially Lockean in origin. In practice they take diverse institutional forms. How to match them to specific African conditions is now the key challenge. Indonesia's current political problems ought to serve as a salutary warning that tolerating a fragile political constitution of dubious legitimacy can ruin the best results of any economic "miracle". Throughout the pages of these three remarkable books, the ideals of governmental reforms for Africa are presented primarily in formulaic and narrow technical terms. In line with that, the World Bank office in Kenya (and elsewhere) was in mid-2000 underwriting "governance" reforms for accountability, corruption prevention, better commercial laws, and an efficient executive branch---all this with an autocratic ruling party which would not countenance growing public pressure for a broad-based constitutional review. As they watch all this, the ghosts of the 1940 Colonial Welfare Act must surely feel tickled, knowing all too well how an anti-Lockean nationalism in the 1950s ruined their best laid plans and ultimately led to the havoc which the press is now reporting on Africa.

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