There are good reasons for investigating ways the global system helps to shape political and economic incentives in developing countries. Northern governments have power to change aspects of the international context, whereas they have little real ability to influence the domestic politics of development. A number of recent studies have drawn attention to the many incentives arising in the international system that encourage elite behaviours harmful to national development. The emphasis of this work has been on regimes that are failing, where international factors amplify incentives to govern badly. Relatively little has been written about how they affect the incentives of regimes that are struggling to sustain processes of national development.

This brief addresses that gap, distinguishing two categories of country: those such as Ethiopia and Rwanda where developmental regimes seem to be emerging and those such as Ghana and Kenya whose regimes show potential but seem regularly to fall at the last hurdle. Here we focus on Rwanda and Kenya.

What is a developmental regime?

An obvious preliminary issue is what should count as a developmental regime. This question has received little attention since the 1990s debate about ‘developmental states’ focused on newly industrialising countries in East Asia. We consider definitions in terms of economic policy content, policy-making approach and the nature of the political settlement.

As a minimum, a developmental regime should be one that is actively promoting a productivity revolution in agriculture and/or pursuing a deliberate ‘industrial policy’ with a view to building capabilities for trade in regional or global markets. However, in history, states have arrived at policies for economic transformation not so much by pure intellectual conversion as through searching for solutions to perceived problems. In the successful Southeast Asian countries studied by the Tracking Development research project, leaders were interested in improving the economic and social lot of the mass of the population as quickly and effectively as possible. They were extremely pragmatic in deciding how to do this. Finally, we would argue, the feasibility of different policy approaches is determined by a country’s ‘political settlement’.

The concept of political settlement used here rests on two claims: a) that institutions matter, and b) that the way institutions work is shaped by non-institutional factors, especially the power distribution among major elements of the national elite. This approach rejects the view that progress is a matter of adopting the ‘right’ formal institutions. The way institutions and power are combined shapes a country’s possibilities, and this applies to both the maintenance of peace and the quality of feasible policy-making for development.
How do the countries shape up?

Is the government in Kigali led by the Rwandan Patriotic Front (RPF) a developmental regime in these terms? Regarding policy, agriculture is now being supported in the ways suggested by the most relevant Asian experience. On industrial policy, the Rwandan approach has several of the right features, but it is not yet backed by the necessary capacity for steering and regulation. On the policy criterion, therefore, Rwanda qualifies as an incipiently developmental regime. Its policy processes also display a distinct problem-solving orientation. Finally, the country has arrived at a political settlement that is conducive to development. As we have argued elsewhere, the political settlement in Rwanda has three elements which allow policy to be made as it should be, in a long-term strategic perspective and in an iterative, adaptive, problem-solving way. One of the elements is a remarkable level of power-sharing among legally recognised parties.

Kenya is obviously a different case. After independence, the country could have been both an agricultural and an industrial success story, but policies faltered in the 1970s and turned strongly negative in the 1980s. Under President Moi, policy-making was increasingly driven by patronage, not developmental problem-solving. This cannot be explained just in terms of poor leadership and the inadequacy of the steps taken to institutionalise liberal-democratic good governance. Crucially important is the enduring dominance of ethno-regional blocs in the decisions of Kenya’s voters and politicians. This is about the credibility of different sorts of politics. Realistic solutions call for radical institutional innovation – the building of programmatic political parties and/or some previously untried form of power-sharing – to increase the credibility of politicians’ commitments to the nation as a whole. The most remarkable feature of the current situation in Kenya is how little attention is given to this constitutional issue, as opposed to conventional devolution and separation of powers.

Which constraints matter most ... in Rwanda?

To the extent developmental regimes are distinguished by the policies they pursue, there are obvious channels by which the international system can be a hindrance. It is argued with some reason that developing countries face narrowing ‘policy space’ as a result of international trade agreements and the conditionalities of the big concessional lenders. But the policy-space approach is unsatisfactory on its own for several reasons, especially when applied to low-income countries like Rwanda. The international dominance of neoliberal ideas about trade and markets is not absent as an influence on policy choice in Rwanda. However, it is not a decisive constraint, and on agriculture, international agencies have been strongly supportive of Rwanda’s recent policies.

As argued by Pritchett et al., donor money influences the style of policy-making in many countries. It encourages tokenistic replication of policies and institutional arrangements that are held to be international best practices. It discourages stepwise learning from relevant experience. However, the Rwandan case suggests this is not an automatic effect, even in a very aid-dependent country. Problem-solving willingness to draw lessons from experience have been distinguishing features of the policy process, notably in agriculture and health. Based on the Rwanda case, our suggestion is that international constraints on the consolidation of developmental regimes are most significant when they interfere with the consolidation of a developmental political settlement.

The most likely reason for a developmental settlement to be threatened, we argue, is the global dominance of what we have referred to elsewhere as naïve liberalism. This expression refers to the view that, independent of context, progress is a matter of adopting the ‘right’ formal institutions or of complying with generally accepted liberal-democratic norms. Rwanda’s political settlement is affected by naïve liberalism by two equally important routes: via pressure on Rwanda to change its domestic institutions to comply with liberal expectations; and via the policies of the international powers in DR Congo.

Naïve liberalism infuses both the academic literature and the global journalistic discourse about Rwanda. Its dominance creates a receptive ideological climate for disingenuous claims about ‘lack of political space’ in Rwanda, with the effect that these claims are widely disseminated and rarely challenged. It makes it less easy for those who wish to engage constructively with the policies and institutions actually in place. It increases the government’s ‘bunker mentality’, its sense that it is under constant attack and needs to defend itself proactively. This has been bad for Rwanda’s relationship with its development donors, and makes it harder that it should be to work with them as partners in a problem-solving way.
There are also indirect effects. Since the end of the Congo wars, the approach of the big powers and the United Nations has been to rebuild the state in DRC from the top down under the aegis of a tenuously elected national leadership. The genuineness of the political drive behind these reforms is doubted by almost all DRC experts. Even though everyone is aware of them, the actual complexities and challenges involved are given the ‘blind eye’ treatment. Maintaining the fiction of top-down state-building overrides any concern to address the specific conflicts and grievances that persist in many provinces, notably North and South Kivu.15

Rwanda is not alone among the regional powers in doubting the realism of a peace based on the imposition of the will of Kinshasa in the east of DRC. However, its refusal to take an active part in implementing the project is seen as especially irksome and threatening. This makes Rwanda liable to be singled out as the fall guy when things go wrong.

This is one of the things that happened in 2012, when the government of Rwanda was charged by the UN with providing political encouragement and military assistance to the M23 rebellion. Several of Rwanda’s development donors found this claim sufficiently convincing – or disturbing to opinion back home – to suspend aid to the government. This left a large hole in the national budget, but other effects may be more enduring. Scapegoating Rwanda for events in DRC has made it more difficult for Rwanda to maintain its domestic political settlement, further enhancing its bunker mentality and weakening constructive cooperation.

... and Kenya?

Does the experience of Kenya support our argument for placing the accent on political settlement effects? We believe so. In view of the sequence of events in the 1970s and 1980s, Kenya’s agricultural and industrial disappointments cannot be laid at the door of limited policy space. Patronage-based policy-making was also clearly shaped by domestic exigencies.

At first sight, the blame for the current impasse on ethno-regional politics and the political settlement lies squarely with the country’s political class. However, the poverty of international thinking on issues of this type has done Kenya no favours. The global influence of naïve liberalism creates an ideological climate in which non-standard approaches to constitution-making are seldom countenanced. Occasionally, moreover, actors in

the global system get involved in a more palpable way in setting parameters for public debate in the country. Examples include the big-power diplomacy around the International Criminal Court indictments of the two men who were elected president and vice-president of Kenya in 2013.

The conventional way of seeing the ICC indictments is as a rare weapon against high-level impunity. This was no doubt the view of US Assistant Secretary of State Johnny Carson, who warned Kenyan voters in February 2013 that ‘choices have consequences’. There is, however another view, supported by some of East Africa’s leading intellectuals:16 that pursuing judicial remedies in situations of political conflict bordering on civil war can be harmful to the maintenance of peace, as well as to the quality of policy generally. When a judicial process criminalises one side, threatening to disenfranchise it politically, this backs it into a corner. It can have unanticipated consequences, in this instance that of helping the accused to rally their supporters. Thus, while the international ideological context is of little help in addressing the fundamental problems of Kenya’s political economy, direct interventions by the big powers can make matters worse.

In summary, the constraints highlighted in the policy space literature do not appear to have been limiting in practice for Kenya. As in Rwanda, the conditions for wise policy-making in the national interest are fundamentally about the underlying political settlement. The lack of any robust and influential alternative to naïve liberal concepts of governance for development is what emerges as the principal international constraint.

Policy implications

It follows from this analysis that that concern about international constraints on the emergence of developmental regimes in Africa should not be focused on limited ‘policy space’. Closer attention should be given first to policy processes and then to political settlements. The consolidation of a developmental political settlement is the process most likely to be hindered, given the global dominance of naïve liberalism.
Nothing in this brief challenges the view that domestic politics is the primary determinant of the destiny of developing countries. However, those who have some influence on the international factors that help to shape the incentives of national elites have a particular duty to exercise that influence with care. Doing so may be a more valuable contribution than any amount of direct development assistance.

In that context, we make a particular plea for development agencies to counteract NGO advocacy and big-power diplomacy promoting naïve liberal remedies without due regard to context. Protecting the political settlements of emerging developmental regimes should be a prime focus for all those committed to ‘doing no harm’ in poor countries.¹⁷

References

1. Research Fellow, Overseas Development Institute.
2. Independent researcher, Kampala and Kigali.