Towards a developmental state concept that is fit for purpose (in the 21st century, in Africa)

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Currently available concepts of the developmental state are not fit for the purpose of making sense of the diversity of regime types in Africa today. Extant concepts bear too many of the marks of their origins in a very specific set of debates about then newly industrialising countries in East Asia in the 1980s. In view of the comparative evidence now available on both Asia and sub-Saharan Africa, it is time to revisit the question, paying attention only to genuinely generic features. This paper proposes a concept of what should count as a developmental state, or rather developmental regime, in Africa. This says: 1) policy content matters – but with the qualification that raising productivity in peasant agriculture is an essential first step; 2) sound policies come from an iterative, problem-solving type of policy process; and 3) a precondition for all of this is a political settlement or elite bargain that allows a national leadership to focus on things beyond winning the next short-term political struggle. The concept, including the causal hierarchy linking policies with the quality of the policy process, and in turn with the political settlement, is illustrated with reference to Rwanda.

1 Introduction

The economic agenda in Africa is changing. African countries are now routinely experiencing high per capita rates of economic growth. Most of this growth, however, is occurring within an untransformed economic structure, reproducing in many respects the pattern countries inherited at independence. Improvements in smallholder agricultural productivity remain patchy and modest, a critical weakness in countries where the most people continue to seek their livelihood in rural areas. Mining, construction and the service sectors are booming in response to international demand and the needs of new middle classes. But the acquisition of technological capabilities and economic power by expanding firms in manufacturing or agro-processing is not a major feature of the growth pattern. Consistent state policies in support of either agricultural transformation or technology-based industries are notable by their absence.

A growing literature is devoted to economic aspects of this challenge and the major policy implications (Amoako, 2011; ECA and AU, 2011; Lin, 2012; Noman and

* D.Booth@odi.org.uk. This paper has been prepared for presentation in the panel ‘Developmental States in Africa: Concepts, Empirical Evidence and Critical Aspects’ convened by Nicolas van de Walle and Stephan Klingebiel, at the annual meeting of the African Studies Association, Indianapolis 20-22 Nov 2014. It is also the basis of a guest lecture to be delivered at the Kellogg Institute for International Studies, University of Notre Dame, on 25 Nov 2014. I am grateful to my regular research collaborator, Frederick Golooba-Mutebi, for permission to use material from several of our joint endeavours.
However, the political challenges implied by this new policy agenda have received comparatively little attention. This gap in thinking is of major concern for two reasons.

First, despite debates at the margin (Lin and Chang, 2009) the economic analysis is quite clear in suggesting that industrial policy for late-starters requires substantial state action to correct market failures. Yet a 30-year conventional wisdom about ‘governance’ in sub-Saharan Africa has ruled out state-led development, regarding it as a recipe for returning to the inefficiencies and imbalances that halted growth in the past as well as virtually certain to add fuel to the political rent-seeking that remains in evidence almost everywhere. Simplifying only a little, the standard advice has been: first get good governance and then think about allowing states to resume intervening in markets.

Second, over ten years at least this advice has been thoroughly critiqued as both inconsistent with any historical experience and liable to be counter-productive in practice (Evans, 2004; Grindle, 2007; Rodrik, 2007; Andrews, 2008; Meisel and Aoudia, 2008; Moore and Unsworth, 2010; Pritchett et al., 2010; Noman et al., 2012; Sundaram and Chowdhury, 2012; North et al., 2013; Root, 2013; Levy, 2014). But this critical literature is much stronger on why the conventional advice is wrong than on what should be put in its place. We need, and do not yet have, a good answer to the question: What should count as a developmental political regime in the context of contemporary Africa?

The older literature on developmental successes in Asia does not help as much as might be expected in addressing this question. Extant concepts of developmental statism bear the marks of their origins in a very specific set of debates about then newly industrialising countries (NICs) in East Asia in the 1980s. Features include a preoccupation with the merits of an activist industrial policy (Amsden, 1989; Wade, 1990) and an association of developmentalism with particularities of the Park regime in South Korea, including its authoritarianism and the qualities of its bureaucracy (Evans, 1995). While later literature problematized the connection between dictatorship and development orientation and broadened the discussion away from the first NICs (Robinson and White, 1998; Woo-Cumings, 1999; Leftwich, 2000; Kohli, 2004), developmental state concepts have continued to be reproached for their limited ‘portability’ (Portes, 2005: 48-51).

This is unsatisfactory in the 21st century, and for Africanists. It is now possible to draw on a much wider set of Asian experiences of structural economic change accompanied by massive poverty reduction, in Southeast Asia as well as China. There is both a new comparative politics literature largely focused on developmental divergences within Southeast Asia (Doner et al., 2005; Doner, 2009; Slater, 2010; Vu, 2010) and some systematic comparison of Southeast Asian and African experiences (Lewis, 2007; van Donge et al., 2012; Berendsen et al., 2013; Henley, 2015). Within the African context, too, it has been argued that the range of country experience now available provides some basis for systematic reflection on what works and what doesn’t (Booth and Cammack, 2013; Kelsall, 2013). As Routley (2014) concludes from a comprehensive recent survey, it is time to stop blunting our
analysis by focusing narrowly on the presence or absence of features that were highlighted in connection with first-round or even second-round developmental states in Asia.

This paper builds on the ample foundations of this growing literature as well as on the theoretical contributions of Khan (2010), North et al. (2009) and Andrews and colleagues (Andrews, 2013; Andrews et al., 2013) among others. It makes a fresh attempt to tackle the question of what should count as a developmental political regime in the context of contemporary Africa.

The word ‘regime’ is used deliberately, to allow a focus on issues lying somewhere between long term of state formation and the short term of particular government administrations. The proposed concept is more than a definition. Following Goertz’s (2006) elucidation of the function of social science concepts, it incorporates causal claims about the entity to which it refers, in this instance about the features that help to produce valued development outcomes and those that do not.

The paper addresses the question with a general proposition and then illustrates this with reference to the single case of Rwanda. The central proposition is that the concept needs to include something about economic policy content, a view on the policy-making approach and something on the prevailing political settlement. All three criteria are relevant and the last is decisive. This is set out in Section 2. For illustration, Section 3 explains the grounds on which Rwanda may be considered to have at least an incipiently developmental regime using these criteria. Section 4 sums up and points a way forward.

2 What is a developmental regime?

2.1 Policy content

Our opening observations about the new economic agenda in Africa provide one possible starting point in thinking about what should count as a developmental regime in Africa today. As a minimum, surely, a regime should qualify as developmental on the basis of its economic and social policies. A developmental regime would be one that is actively promoting and supporting a productivity revolution in agriculture and/or pursuing a deliberate ‘industrial policy’ with a view to building capabilities and acquiring new comparative advantages for exploitation within regional or global markets.

There is much to be said for approaching the definitional question in the above way, through policy content pure and simple. Comparative research on successful Southeast Asian and equivalent sub-Saharan African countries over the years 1960-2006 has concluded that policy differences by themselves explain most of the divergence in economic performance (van Donge et al., 2012; Vlasblom, 2013; Henley, 2015). The case, originally set out by Johnston and Mellor (1961), for ensuring that economic growth in low-income countries is agriculture-led has been regularly reinforced by research at IFPRI and elsewhere (e.g., Breisinger and Diao,
2008) and remains relevant to much of Africa (Hazell et al., 2010; Losch et al., 2012; Dorosh and Mellor, 2013).

The heterodox literature on industrial policy sometimes presents itself as an alternative to agricultural transformation, but it is more compelling as a complement. Chang (2003), Reinert (2007), Whitfield (2012) and Noman and Stiglitz (2012) have made the argument that throughout history states have become economically successful by targeting activities in which the acquisition of technological capabilities generates ‘increasing returns’. Lin’s ‘new structuralism’ (2012) marries this with international trade theory by pointing out that success comes from emulating countries that are only slightly ahead in the race for development, so that the capabilities acquired are not too far out of line with the country’s comparative advantages, given its endowments of land, labour and capital. The potential for labour-intensive manufacturing to migrate to Africa as Asian wages rise is one such opportunity (Lin, 2013; Wiggins and Keats, 2014). A link back to agricultural policy is the observation that food remains expensive in Africa, making African wage levels unattractive to footloose Asian investors.

To the extent that we pursue a policy-based approach to the definition of developmental regimes, therefore, there are reasons to pay attention to both policy for agriculture and policies for industrial emulation. There is, of course, a significant literature that argues that developing countries face limits to their ‘policy space’ set by the global trade and financial systems, meaning that they are not in practice free to adopt technical recommendations of these sorts. However, as discussed elsewhere (Booth and Golooba-Mutebi, 2014a), these constraints have been somewhat exaggerated, at least as they apply to low- and lower-middle income countries in Africa. Most policy failures in most countries most of the time have domestic causes. There would seem to be good grounds for probing a bit more deeply the commonalities and differences in policy approach among countries that do and countries that do not adopt the kinds of policies that sound economic theory suggests are needed.

2.2 Policy process

The Africa/Southeast Asia research cited above did not just find that giving priority to rural development is an early success factor. It also concluded that the Southeast Asian commitment to rural development was underlain by more fundamental guiding principles. Leaders and the technocrats they empowered were interested in improving the economic and social lot of the mass of the population as quickly and effectively as possible, and they were pragmatic in choosing how they did this. They were guided by principles of urgency, outreach and expediency, principles that are not widely observed in the governance of low-income countries (Henley, 2010; 2015). As Routley (2014: 171) emphasises, citing Evans (1998) and the Ohnos (Ohno and Ohno, 2012) among others, the only generally shared feature of Asian models of development success to date, including China, is the absence of a model, a focus on urgent action to address problems and a willingness to employ trial and error in the search for applicable solutions.
This conclusion is interestingly convergent with the findings of more recent surveys of public policy making in developing countries which emphasise problem-solving and iterative learning processes as the keys to policy choice and institutional design for development progress (Andrews, 2013; Andrews et al., 2013). Arguably, states in history up to the present have arrived at the kind of policies recommended by heterodox economists not so much by pure intellectual conversion but as an outcome of processes of searching for solutions to perceived problems. Relevant experience has been picked up from other countries, but not followed slavishly. Some of Fuady’s (2013) and Henley’s (2013) informants from the team that supervised Indonesia’s agricultural breakthrough certainly presented things this way.

This suggests an alternative or at least supplementary approach to the question ‘what is a developmental regime?’ A developmental regime is, among other things, one that practices problem-driven iterative adaptation (‘PDIA’ for short) in its approach to choosing and implementing policies.

Our argument is that the approach in terms of the quality of policy processes makes better sense than a policy content approach. But it too has limitations. It invites the question ‘why?’ In their elaboration of the concept of iterative adaptation, Andrews and his colleagues provide only a partial explanation for why PDIA is relatively rare quality in developing country policy-making. They make a convincing case that the availability of aid induces a strong tendency towards the adoption of institutional forms that are considered best-practice internationally, as a means of signalling good intention to donors (Pritchett et al., 2010). The signalling function of policy choice reinforces the tendency to ‘isomorphic mimicry’ that is a feature of organisational development worldwide. But the aid effect is surely not the only factor at work. Policy-making styles, including levels of susceptibility to isomorphic mimicry seem to differ across countries, and these differences appear to have something to do with the way domestic politics works. Specifically, we would suggest, policy processes are shaped by the nature of the prevailing ‘political settlement’.

2.3 Political settlements

The concept of political settlement 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 a national elite, including its military, civil, economic and political wings (Khan, 1995). As Parks and Cole (2010) explain:

‘The fundamental insight of the political settlements framework is that governance, stability, and the quality and pace of development are viewed as the outcome of struggles and ensuing arrangements among powerful elites. These struggles largely involve informal processes of conflict, negotiation, and compromise. As elite factions seek to secure access and control over sources of wealth and power, or advance a particular ideology or national vision, they will often come into conflict with each other. “Political settlement” is a descriptive term that characterizes the nature of the arrangements among these elites to manage this conflict.’ (5, emphasis removed)
Khan defines a political settlement as ‘a consistent combination of institutions and a distribution of power such that the two are compatible and mutually supportive’ (Khan, 2010; 2012). A fundamental element in the several alternative definitions that have been offered over recent years (Laws, 2012) is the idea of a tacit agreement among the most powerful members of a society about the conditions under which they are prepared to engage in some form of peaceful political competition, rather than resort to violence. The concept has strong affinities with the thesis of North et al. (2009; 2013) in two respects, as well as with the use of the concept of ‘elite bargain’ or elite coalition in some conflict studies (Lindemann, 2008; Call, 2012). First, the central issue in understanding varieties of historic social order is the different ways rents are used to control violence. Second, the way this is done has major implications for the pace and form of social and economic progress.

The political settlement or elite bargain approach rejects the proposition that progress is a matter of adopting the ‘right’ formal institutions or of complying with generally accepted liberal-democratic norms and practices. It provides an alternative to the rightly criticised mainstream understanding of ‘good governance’. It is the nature of the political settlement that shapes a country’s possibilities, not the formal structures as such, and this applies to both the maintenance of peace and the quality of the feasible policy-making for development. Khan’s typology of political settlements (2010) is a promising starting-point for thinking about regime types in a way that cuts across conventional distinctions. Together with other recent efforts at typological theorising with somewhat similar objectives (Slater, 2010; Vu, 2010; Kelsall, 2013; Levy, 2014), the approach is generating more plausible hypotheses about the socio-political determinants of development outcomes than previous literature has been able to provide.

The more ‘developmental’ types of political settlement are generally supposed to produce better outcomes by relieving the elites in power of the pressure to govern only with a view to the short term. Under such settlements, what Slater calls an elite ‘protection pact’ enables more long-term vision, meaning that economic and social investments with a slow pay-off are more likely to be undertaken or underwritten. As Khan insists, all settlements in developing countries are clientelistic in one way or another because the funding of politics on the basis of tax revenues from the formal economy is not yet possible. However, the degree to which policy is driven by the need to use rents in a discretionary way to buy the loyalty of elite factions and pay off political debts varies considerably among the types. This affects the ability to provide the public goods that are the key to sustained growth and economic transformation.

To this basic proposition, this paper adds the suggestion that freeing policy-making from short-term clientelistic imperatives is also the key to problem driven policy-making orientation discussed in the last section. The hypothesis is that the key thing allowing PDIA to become a significant mode of policy-making is a certain kind of political settlement. This in turn implies that the defining qualities of a developmental regime should include three layers, with the third, the nature of the political settlement, as the most fundamental from a causal point of view. Graphically, the hypothesis is that developmental regimes are constituted as shown in Figure 1.
3 An illustration: the case of Rwanda

The remainder of the paper aims to illustrate the concept just presented with reference to one country case, that of Rwanda. The Rwandan regime is increasingly recognised to have an unusually developmental orientation, even by analysts who are strongly critical of many of its policies and actions. It is not the only case that could be taken to test the coherence of the proposed concept, but it is the one with which the writer has at least a passing familiarity.

3.1 Policy content

Is the government in Kigali led by the Rwandan Patriotic Front (RPF) a developmental regime, in the terms set out in this paper? The suggested starting point for such an assessment is policy, and whether the regime has adopted in a decisive way either of the types of policy for economic transformation suggested by comparative development experience during the last sixty years: the big push on rural infrastructure and agricultural productivity suggested by the Tracking Development and IFPRI research, or the active ‘industrial policy’ advocated by Chang, Lin and others.

A qualified judgement is necessary on this issue because Government of Rwanda (GoR) policies have changed significantly over recent years and are still evolving. It took a surprisingly long time, and a major food crisis in the mid-2000s, for the RPF-led regime and its donors to appreciate the importance of transforming smallholder agriculture. The dominant view within the RPF was initially sceptical about the usefulness of investing in smallholder farming, while the donors remained focused on the social sectors. The resulting lack of a sensible strategy for agriculture and the prevalence of notions about moving directly to a modern service-based economy were reflected in disappointing rates of poverty reduction and growing inequality during the first half of the last decade. However, these outcomes prompted a major re-evaluation and the design of new policies, with smallholder crop intensification at their centre. There is now evidence that agricultural policy has adopted the features suggested by the most relevant Asian experience, and that this is working (Booth and Golooba-Mutebi, 2014b). Poverty and human development indicators are improving fast and inequality is declining (Rwanda, 2013).
On industrial policy, the GoR approach has several of the right features. The government has actively intervened to construct public-private consortia and to direct investments into infrastructure and energy projects with high positive externalities. Some of the activities of the RPF-owned and army-owned holding companies, Crystal Ventures and Horizon, qualify at least in part as examples of active industrial policy. The joint-venture with MTN that opened up mobile telephony in Rwanda is a good example (Booth and Golooba-Mutebi, 2012). However, it is true that much of this remains rather tentative. Thus far, the Rwandan approach to industrial policy could be considered correct but hesitant, and not yet backed by the necessary concentrated capacity for steering and regulation (Holden, 2012).

These limitations are not altogether surprising, given the fundamental disadvantages of location and initial economic capacity the country faces, but they should be recognised. On the policy criterion, therefore, it is safe to see Rwanda as having a tentatively or incipiently developmental regime.

3.2 Policy process

We have argued, secondly, that developmental regimes in poor developing countries are those that exhibit a systemic commitment to adaptive, problem-solving approaches to policy choice and institutional design. Heterodox policies that work are seldom taken out of a textbook. They are stumbled upon, in a process of searching for solutions to particular problems. In this sense, a problem-solving orientation is probably a precondition for getting the right policy content. The RPF-led regime is, again, at least incipiently developmental in this sense. The turnaround in agricultural policy, discussed above, is an excellent example of timely error correction (Booth and Golooba-Mutebi, 2014b). Maternal health is another area in which policy-making has been distinguished by a consistent search for a model that works in the Rwandan context (Golooba-Mutebi, 2013). The acute policy incoherence that arises in some other countries of the region from the combination of populist campaign promises and changing donor fashions (Booth and Cammack, 2013) is generally absent in Rwanda. For Matt Andrews (2013), the way Rwanda went about designing its decentralisation programme is a leading example of the recommended Problem-Driven Iterative Adaptation.

These claims may seem surprising to some readers. The main academic literature on Rwanda hardly recognises the qualities of the national policy process that we have emphasised. It tends to adopt a snapshot approach that is bad at capturing change, especially if it is iterative and involves the strong element of ‘muddling through’ that Andrews and associates treat as a positive. Social scientists writing about Rwanda commonly often have very firm ideas about where policies are coming from and what their effects are likely to be, and one-off research trips do little to disabuse them. The collected data are used to support claims about the nature of the regime, not to influence policy. This intensifies what Robert Chambers long ago (1983: Ch 2) identified as a persistent feature of social science research on development generally – a tendency to adopt prematurely negative judgements about current processes and policies.
3.3 The political settlement

All political settlements depend to some degree on force, on the governing elites’ control of the means of violence. The effectiveness of the military and security apparatuses of the Rwandan state are a familiar theme in the research literature on the country, but the implication that political stability and the policy-making environment are entirely explained in these terms cannot be accepted. As we have argued at more length elsewhere (Golooba-Mutebi and Booth, 2013), the political settlement that has emerged in Rwanda since the early 2000s has three less obvious elements:

1) a commitment to power-sharing among (but only among) parties that are firmly aligned against a revival of ethnic sectarianism;
2) the pursuit of development, not negotiation, as the principal path to national reconciliation; and
3) the search for an alternative to the usual African pattern of clientelistic political competition.

The power-sharing commitment is articulated in, among other things, the provision of the 2003 constitution that the party with the largest electoral support shall take only 50% of cabinet posts, the others being reserved for members of other parties or no party. It involves a decisive rejection of the ‘winner takes all’ principle that is so destructive in several other countries of the region. The limits to this commitment are set by a strict legal ban on the registration of parties with ethnically divisive programmes. For those, like Human Rights Watch, that follow a radical doctrine of free speech inspired by the US constitution, this means that Rwanda is a country in which ‘political space’ is limited (Johnson, 2013). However, the Rwandan laws are broadly consistent with those applied in many African and European countries, including some with no history of genocidal violence.

The approach to national reconciliation through development, rather than through negotiation, is a gamble, of course. It may not work. However, it is considered less risky than allowing a foot in the door to a revival of Hutu supremacist ideology. It has been pursued through a policy of robust inclusiveness, including deliberate efforts to incorporate into the nation-building effort anyone who is prepared to join it in a spirit of sincerity, including some leaders and many followers of the pre-genocide Habyarimana regime. The construction of the Rwanda Defence Force (RDF) as a national army incorporating significant elements of the former Forces Armées Rwandaises (FAR) is an important manifestation of this commitment. Another is the very deliberately non-discriminatory approach taken – at least at the level of formal policy – to business promotion, civil-service appointments and the allocation of state scholarships, important signals to the Hutu middle classes that, anti-RPF propaganda notwithstanding, they have a real stake in the system.

The third element of the settlement is not widely appreciated but is essential to understanding the way support for the RPF-led regime has been configured and reconfigured over the years since 2000, when President Kagame took over from President Bizimungu. According to a common telling of the story of Rwanda over this
period, there has been a progressive narrowing of the political base of the regime as different groups from the original ruling coalition or from the RPF itself have ‘fallen out with Kagame’ and gone into exile. In this version, the story is about the erosion of liberal freedoms and the consolidation of a personal dictatorship, but this is certainly too simple and misses a very important dimension of political system variation across countries of sub-Saharan Africa. The typical form of multi-party politics in poor developing countries is a competitive clientelism in which politicians use access to public office to enrich themselves, to repay the business and other interests that have funded their campaigns and to buy the acquiescence of key constituencies. The Rwandan political settlement is seeking to build a model of multi-party rule that is not clientelistic and in which corruption in public office has no place. If there has been in any real sense a narrowing of the political base of the regime, part of the explanation may lie in the different attitudes that various individuals and tendencies have taken on this issue.

The political settlement defined by these three elements is not adhered to by all Rwandan political forces inside the country (and, of course, none of the exiled political groups are party to it). Nor is it approved and recognised by the generality of academic specialists on the post-genocide political dispensation, many of whom are either unaware of its existence or prefer to ignore it. On the other hand, we believe that large sections of the Hutu business and professional elites are at least passive parties to the settlement in so far as they recognise that the strict anti-sectarianism that has become a feature of the regime under Kagame is not a bad deal in the circumstances. Meanwhile, the element of power-sharing is widely popular. During the country-wide consultations that led to the 2003 constitution, large numbers of Rwandans expressed themselves in favour of politicians' working together rather than fighting each other.¹

The power-sharing element in the constitution permits and encourages quite wide-ranging policy debates within both the executive and parliament. That there are such debates tends not to be recognised by visiting journalists and short-term researchers from outside. But this is partly because observers from the North come ill-prepared to recognise debates that are conducted behind closed doors in a spirit of consensus-building. They look for, and fail to find, adversarial public discussion. This confirms their expectation that Rwanda is a place where political debate is absent.

In the view taken in this paper, the three prongs of the political settlement in Rwanda combine in a way that has several benefits. They include allowing policy to be made as it should be, in a long-term strategic perspective and in an iterative, adaptive, problem-solving way. Thus, to the extent that policy is already of the sort needed to address the challenge of economic transformation (about which some caution has been necessary), this has been visibly due to a policy-making approach with features of PDIA. In turn, what has enabled PDIA, is that despite being at least as aid-dependent as other very poor countries in the region, the regime is based on a political settlement that frees it from the effects of competitive clientelism, the modal type of settlement in the region.

¹ Interviews with participants in, and coordinators of, the consultations over many years.
4 Conclusion

This paper has tried to address the question of what should count as a developmental regime in the current African context, updating and modifying an old debate about developmental states in Asia. Our argument has been that the definition should encompass at least three levels, and that there is a causal hierarchy among the relevant features. The suggestion is that the current regime in Kigali qualifies in terms of this definition as at least incipiently developmental. More important, however, than the validity of this particular judgement, is the finding that the Rwanda case illustrates the strong plausibility of the hypothesis embedded in the proposed concept of developmental regime: relevant policies require the right kind of policy process, and that is only likely to be obtained if the political settlement is of a certain kind.

Elsewhere (Booth et al., 2014; Booth and Golooba-Mutebi, 2014a), we have sought to apply the same test to the example of Kenya, a country that has repeatedly failed to deliver on its development potential. The diagnosis in this case says that inappropriate and ineffective policies for economic transformation have been the product of short-termist clientelism, the persistence of which is plainly attributable to the lack of a political settlement with any of the main features that are visible in Rwanda. The future research agenda should include many more such efforts to interrogate country experiences using the three-level concept proposed in this paper.

References


