The Political Economy of Reform in Sub-Saharan Africa

Ravi Gulhati
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The Political Economy of Reform in Sub-Saharan Africa

Report of the Workshops on the Political Economy of Structural Adjustment and the Sustainability of Reform

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November 20-22, 1986

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December 3-5, 1986

Ravi Gulhati

The World Bank
Washington, D.C.
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Foreword

The following report is on two discussions with scholars in the field of political economy. Readers will find more about the origin and purpose of these exchanges in the introduction. The main text of this report focuses on some key issues that are of concern to the World Bank and more broadly to policymakers everywhere. Satisfactory answers are not within our grasp at this stage, but the debate on these questions is of considerable interest. The approach to further enquiry proposed by Ravi Gulhati in section 4 is promising. Finally, annexes 1 and 2, by Chris Chamberlin, summarizing the Dalhousie and Washington workshops with two different groups of scholars, capture the distinctive flavor of each encounter.

Christopher R. Willoughby
Director
Economic Development Institute
of The World Bank
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Introduction

Toward the end of 1986, EDI organized two workshops on The Political Economy of Reform in Africa. Given the Bank's traditional stance, which emphasizes technical and economic factors in development, EDI's interest in this topic may surprise some readers. However, the Bank's recent experience of policy-based lending has underscored the need to broaden our understanding of political and public administration issues. Furthermore, recent EDI senior policy seminars in Africa have reinforced the view that political economy issues are amongst the main obstacles to the initiation and implementation of policy reform.

For these reasons, EDI decided to design a series of three Senior Policy Seminars on Structural Adjustment and the Sustainability of Reform in Sub-Saharan Africa (SSA) during 1986-87. To prepare for these seminars with ministers and senior civil servants from all over sub-Saharan Africa, we decided to convene consultations with scholars in the field of political economy. These discussions would equip us to organize a forum for the exploration of policy processes, including political economy issues, with African practitioners.

Given the amorphous nature of the political economy discipline and the fact that the topic was brand new to most Bank staff, the aims of the workshops with scholars were modest. We expected to gain some familiarity with the available literature. This was facilitated by Carol Lancaster's review article Political Economists and Policy Reformers in Africa, prepared for EDI as a Working Paper. In addition, Christopher Chamberlin acted as the rapporteur for two days of discussions in Dalhousie with 20 Canadian and African scholars, and another two days of exchanges in Washington, D.C., with 19 U.S. and African scholars (see annexes 1 and 2 for a summary of the proceedings and list of participants attending each workshop).

Bank staff had prepared for the workshops by defining a set of three issues for discussion. The following is a summary of staff views before the workshop and how these were affected by the two workshops.
2
Magnitude and Causes of the African Crisis

We will not repeat here the description of the crisis, which is already spelt out in a series of World Bank and other reports. Most observers agree that the crisis is widespread, serious, and protracted. Nevertheless, considerable intercountry variation exists. For example, per capita GDP has declined drastically over two decades in Madagascar, Zaire, Zambia, and Uganda. In contrast, per capita GDP rose during the 1970s in Tanzania, Somalia, and the Sudan before falling in recent years. In a third group illustrated by Zimbabwe, Ethiopia, Malawi, Kenya, and Mauritius, the recent decline was modest.

The first issue discussed at the workshops was the phenomenon of economic declines and its impact on political stability. Did deep and protracted declines trigger regime changes? Africa has seen many regime changes, including at least 50 successful coups d'état by 1983 as well as many unsuccessful coups. But the workshop did not produce any satisfactory answer about the role of economic decline in the political turbulence experienced in the postindependence period. Even more intriguing was the stability of some regimes despite drastic and protracted declines in living standards. Presumably these governments lost a measure of legitimacy as the economy dwindled, but their monopoly over coercive power and the relative weakness of opposition forces enabled them to survive.

Yet another perspective was voiced in Dalhousie. Some writers, such as Goran Hyden, have maintained that in many countries the peasantry has not been “captured,” and that many people live in “an economy of affection” rather than in an integrated nation state. Relations between rulers and many small farmers are remote. The latter view government economic policies as “foreign”: their capacity to evade such interventions is considerable. Farmers participate in a “... network of support, communications and interaction among structurally defined groups connected by blood, kin, community or other affinities, for example religion.” Those who migrate to urban centers retain their rural links. The point was made that African polities had responded to the economic crisis by retreating into the large “economy of affection.” Growing unemployment in the formal sector has forced some people into the informal urban economy while others have moved back to their ethnic areas in the countryside. Unfortunately, statistical verification of this phenomenon of reverse migration is not possible.

Most observers agree that the economic crisis was caused by exogenous shocks and policy failures. What has not been widely recognized is that the magnitude of the shocks and the severity of the distortions vary greatly from country to country. For example, the Sudan did not suffer any deterioration in its international terms of
trade during 1973-75 to 1981-83, but its policy and institutional framework became highly distorted. In contrast, Malawi lost 5 percent of its gross domestic income owing to terms of trade movements during the same period, while its policy distortions remained relatively low. The terms of trade loss in Zambia was 18 percent of GDP and at the same time policy distortions had reached a high level.

Bank economists find it relatively easy to agree on what constitutes "policy and institutional distortions." These are government interventions made in the name of promoting economic growth, alleviating poverty, or maintaining financial balance that prove ineffective. Instead, they generate adverse side-effects either immediately or over a period of time. Bank economists have ranked countries in order of the overall magnitude of these distortions (see table 1). Such a ranking is not without controversy, but reflects a considerable amount of agreement among Bank economists. Out of 29 sub-Saharan Africa countries, 14 are in the high distortion category, 10 are in the middle group, and five are characterized as having low distortions.

Table 1. Magnitude of Distortion (Policy and Institutional), End 1970s

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<thead>
<tr>
<th>High</th>
<th>Medium</th>
<th>Low</th>
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<tbody>
<tr>
<td>Ghana</td>
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<td>Malawi</td>
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<td>Nigeria</td>
<td>Ethiopia</td>
<td>Cameroon</td>
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<td>Tanzania</td>
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<td>Rwanda</td>
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<td>Senegal</td>
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<td>Zaire</td>
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<td>Somalia</td>
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<td>Liberia</td>
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<tr>
<td>Madagascar</td>
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</table>

The Dalhousie workshop witnessed a considerable debate on this topic. Bank staff were puzzled by the extent to which scholars regarded the Bank's classification as an ideologically biased one. This was a useful reminder that normative economics was not value-free, and that "distortions" and "reforms" cannot be determined objectively. So long as the Bank had a high profile in Africa's policy business it would remain vulnerable to the charge of ideological bias. The sooner indigenous capacity was created in Africa to diagnose economic
difficulties and to prescribe policy remedies (thereby allowing the Bank to distance itself), the better for all concerned.

Irrespective of the Bank's perspectives on distortions and reforms, however, establishing what factors brought about the large shifts in African economic policies (rapid growth of public expenditure, establishment of large number of parastatals, and massive expansion of administrative interventions throughout the economy) during the 1970s was important. This was the second issue we wished to raise in the workshops. Was the growing public sector a reflection of a tilt toward socialism or other ideological cross-currents? Was it a response to poorly developed capacities of the indigenous private sector? Was it the result of a search for instruments with which to reward supporters of ruling regimes? Was it the result of "economy of affection" type of pressures that oblige government workers at all levels to use their power to help their families, villages, or clans? The literature on the political economy of Africa suggests all these interpretations. Writings on Asia and Latin America contain many similar lines of thought.

Historical policy shifts could be the result of a combination of factors, of course, and the precise mix could differ from one country to another. An analysis of these shifts could be valuable in establishing reasonable expectations for economic reforms. In situations in which the policy framework is driven by a powerful ideology, counting on reforms in the absence of an ideological transformation among key political groups would be foolhardy. In other cases, policies may have a political rationale in terms of class or ethnic factors. Under these circumstances, reform would require reconciliation of new economic policies with existing political parameters or an attempt to change these parameters by building new coalitions. There could be other scenarios in which "existing rules of the game" were inextricably bound up with cultural or other characteristics. In such settings, optimism about economic reforms may be misplaced, at least in the near term.

There was plenty of discussion on this set of questions at both workshops, but no cogent conclusions emerged. Clear answers would have required focusing on individual countries and sharper diagnostic tools than were available. Both workshops recognized the absence of a clear theoretical framework for analyzing political economy issues. Further research in this area (including some already underway), may help, but meanwhile, operational judgments have to be made on the basis of existing knowledge.
3
Assessment of Economic Reforms in the 1980s

The process of economic reform in SSA has gained momentum in recent years. How should we interpret the motivation for reform during the 1980s? This was the third issue raised at the workshops. How genuine was the reform reflected in International Monetary Fund (IMF) standbys and Bank policy-based lending? Have borrowing governments played a “clever game” to obtain aid conditional on promises to reform policies, or do these promises reflect a real commitment to implement important changes? To what extent have borrower governments instituted policy turnarounds out of sheer desperation? Will these reforms be sustained after the pressure diminishes?

Bank staff circulated a rough classification of countries according to the intensity and duration of their policy and institutional reforms (see table 2).

Table 2. Intensity and Duration of Policy and Institutional Reform, 1980-86

<table>
<thead>
<tr>
<th>High</th>
<th>Medium</th>
<th>Marginal or None</th>
<th>Aborted</th>
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<tr>
<td>Malawi '81</td>
<td>Somalia '81</td>
<td>Mali</td>
<td>Sudan</td>
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<tr>
<td>Côte d'Ivoire '81</td>
<td>Kenya '80</td>
<td>Burkina</td>
<td>Uganda</td>
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<tr>
<td>Mauritius '81</td>
<td>Senegal '83</td>
<td>Zimbabwe</td>
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<tr>
<td>Zambia '83</td>
<td>Madagascar '84</td>
<td>Ethiopia</td>
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<td>Ghana '83</td>
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<td>Togo '83</td>
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<tr>
<td>Zaire '83</td>
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<tr>
<td>New entrant</td>
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<td>Burundi '86</td>
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<td>Guinea '86</td>
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<td>Mauritania '86</td>
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<tr>
<td>Sierra Leone '86</td>
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Note: Rwanda, Botswana, and Cameroon are not classified. All of them had relatively low distortions. This classification is as of the end of 1986; it has not been updated.
The exercise incorporated subjective assessments and intercountry comparisons, which could be questioned by other observers, but reflected the best judgment of key Bank staff. It described the situation as it was at the end of calendar 1986. No effort has been made to update the classification, even though significant changes have taken place since that time. Reforms are defined in terms of stabilization and structural adjustment measures; other steps of long-run development significance are excluded. Some countries could be classified either under the “marginal” column characterizing what they were doing in the early 1980s, or under the “new entrant” column, signifying that their reforms acquired some momentum in 1986. Tanzania is such an example. The classifications in tables 1 and 2 are merged in table 3.

Table 3. Status of Policy and Institutional Reforms in Sub-Saharan Africa

<table>
<thead>
<tr>
<th>Intensity and duration of reforms 1980-86</th>
<th>Magnitude of policy and institutional distortions end of 1970s</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Zambia Côte d'Ivoire Malawi</td>
</tr>
<tr>
<td></td>
<td>Ghana Togo Mauritius</td>
</tr>
<tr>
<td></td>
<td>Zaire</td>
</tr>
<tr>
<td>Medium</td>
<td>Somalia Kenya</td>
</tr>
<tr>
<td></td>
<td>Senegal Madagascar</td>
</tr>
<tr>
<td>Marginal or none</td>
<td>Liberia Mali</td>
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<td></td>
<td>Burkina-Faso Zimbabwe</td>
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<td></td>
<td>Ethiopia</td>
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<tr>
<td>Aborted</td>
<td>Sudan</td>
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<td></td>
<td>Uganda</td>
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<td>New entrants</td>
<td>Guinea Burundi</td>
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<td>Tanzania Mauritania</td>
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<td>Guinea-Bissau</td>
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We can draw two conclusions from table 3.

- There is hardly any relation between the magnitude of policy distortions and the intensity of reforms. The 14 high-distortion cases show a very wide range of willingness to undertake reform. Three of these countries have had intensive reforms since 1983, while another five did not start till 1986. In two cases, reforms started fairly early in the decade, but the countries could not sustain the process. They experienced changes in the political regime. Mauritius and Malawi suffered from relatively low policy distortions, but started intensive reforms as early as 1981. They have sustained these efforts during later years.

- There does not appear to be any connection between reform intensity and the type of political regime. For example, of the seven countries undertaking intensive reform, Sandbrook and Barker classified Zambia, Côte d'Ivoire, and Malawi as single-party states, Zaire and Togo as quasimilitary states, Ghana as a military state, and Mauritius as a competitive party system.

How are the seven countries undergoing intensive reform faring? Are they showing some progress in key economic indicators? To answer these questions, graphs were circulated showing movements in real GDP, real consumption, real investment, and international terms of trade (see graphs 1-7 in annex 3).

Viewed from the technical or professional economic perspective, some signs of progress are visible. For example, GDP rose by more than 3 percent in 1984 or 1985 (the last years for which data were available) in all the countries except Zambia and Zaire. These increases were the result not only of new policies, but also of favorable changes in weather conditions and other fortuitous factors. One issue was the significance of these upswings from a political economy standpoint, considering the protracted period of decline or stagnation in GDP that preceded them. But if per capita consumption was used as the pertinent index rather than GDP, not even one of these seven countries obtained any relief. Per capita consumption in 1984, for example, remained below the level reached in 1978-80 in all cases.

These developments raise an important political economy question. Although we know that reforms have yielded sizeable improvements in production or exports, these favorable outcomes have been swamped by adverse shocks, such as unfavorable terms of trade. Reforms have been implemented in a hostile international environment that has delayed their benefits and thereby compounded the political difficulties of managing the process. Technically, economists could argue that the situation would have been much worse in the absence of reforms, but this was not an easy point for politicians to either understand or to explain to their supporters.

The two workshops debated the nature of recent reforms with vigour and participants expressed a variety of views. Bank staff were surprised at the extent of
skepticism about recent reforms in SSA among scholars. This note of caution was particularly prominent in Dalhousie, where many scholars were pessimistic about the capability of current African regimes to engineer meaningful reforms and to sustain them. Instead, several scholars spoke of alternative development strategies that by-passed the state and focused on resurgence of the informal sector and on local community initiatives. Attempts to define either the content of this new approach or how it was to be initiated, managed, and sustained did not go very far, however.

In contrast, the Washington workshop was eclectic. Participants explored a number of different frameworks for analyzing recent reforms. These frameworks placed varying emphasis on initial conditions, such as ethnicity, class, and interest groups, as well as dynamic factors, such as the impact of adverse shocks on the attitude of leaders, and so on. Some scholars said that recent reform experiences in Africa had created a ferment in the political economy field so that additional research might produce a substantial payoff before long.
The Political Economy of Reform in Sub-Saharan Africa

4
Agenda for Further Work

The two workshops heightened the sensitivity of Bank staff to the political economy dimension of the reform process. Demystifying the topic and discovering that, unfortunately, a ready-made analytical framework does not exist, was useful. Nevertheless, a number of the ideas suggested deserve to be pursued. In advancing these ideas we have borrowed from scholars in the field, particularly those authors who recognize that,

- while SSA has some distinctive characteristics, the major elements of political economy apply across geographical regions;
- significant differences exist in the political economy of different countries within SSA;
- dynamic factors that change the structure of political economy can be very important.

Political economy is concerned not only with how the costs and benefits of policy reform are shared among different domestic groups (ethnic, regional, or class groups) in a country, but also with the interaction between the reforming country and its overseas donors, creditors, and investors. Many African regimes continue to adopt the posture that they are helpless victims of exploitative international forces, while others have developed a proactive, managerial approach to international relations. A cogent analysis of these contrasting responses may be helpful. It is also clear that the success of economic reforms in SSA will depend largely on improvements in the management of the international economy. These have been debated repeatedly in forums such as the Western economic summits, the Interim Committee, and the Development Committee.

We turn now to domestic political economy issues. Scholars maintain a wide disparity of views on this topic. Some political scientists emphasize the structural impotence of many African states to undertake reform and call instead for bypassing the state or for a revolution. Other scholars are much more optimistic about the feasibility of engineering evolutionary economic reform and they tend to minimize political constraints. An intermediate view between these two extremes would link a society’s capacity for undertaking reform to (a) the character of its leaders, (b) the capacity of the bureaucracy, and (c) the quality of the interaction between leaders, bureaucrats, and external actors. Note that absorptive capacity for economic reforms can be compared with the inherent political difficulties of implementing different types of reform. The challenge is to develop these concepts and to give them operational meaning.
We focus on leaders, bureaucrats, and external actors because it is these people who make decisions and carry them out. Our interest is in action oriented, forward-looking political economy and not in academic debates about such factors as class and ethnicity that explain specific historical situations. Our underlying premise is that constraints imposed by class and ethnicity are not so formidable as to rule out completely the room for economic reforms. Of course, how much room exists will vary from case to case, as will the capacity and willingness of leaders and bureaucrats to exploit the available flexibility. A few thoughts and questions about each of the principal variables follow.

The Leadership

The function of leaders is to maintain law and order, as well as social discipline, through some combination of compulsion, moral suasion, and material incentives. Students of postindependence Africa say the typical sequence is the replacement of solidarity developed during the fight against colonial masters and of constitutional government bequeathed by these retiring masters by what Sandbrook calls a "...form of patrimonial governance—personal rule—based chiefly upon personal loyalty, patron-client linkages and coercion."5

This generalization notwithstanding, African leaders (just like leaders elsewhere) have distinctive characteristics. Some emphasize regime survival through manipulation of their supporters and opponents, through short-term tactical moves, and prestige projects of little economic value. Others display a long-run strategic vision and attempt to gain legitimacy through promoting the development of their people. The behavior of yet other leaders shows a mixture of motives, including mind-sets and strategic notions that reflect a wide assortment of influences. Some leaders are more open to new ideas and experiments than others. Some leaders have demonstrated a capacity to build new coalitions to carry out economic reforms.

Leadership style and behavior are not fixed; they change as leaders assimilate the lessons of experience, and some leaders are better at this learning than others. Repeated exogenous shocks, such as the ones recently felt in many African countries, can also have salutary effects. The responses to shocks, however, varied greatly among African leaders; some reacted promptly and effectively while others did not.

The Bureaucracy

To maintain law and order effectively and to manage the economy (including making and administering policies), the civil service needs professional expertise, physical infrastructure (offices, transport, provisions), and high morale. The supply of educated and trained indigenous personnel rose sharply in the postindependence period, but not as much as the demand, given the explosive expansion in government jobs and the drive to replace expatriates. Overall, a chronic shortage of high-quality indigenous staff persists. The gaps in manpower
are filled by expatriates of varying competence and at high cost, notwithstanding foreign aid. The tolerance for expatriates has declined sharply. In addition, efforts to stabilize public finances have reduced markedly the availability of infrastructure, thereby reducing the productivity of both indigenous and expatriate staffs.

The morale of the African bureaucracy has suffered from the impact of personal rule, which sanctions departures from transparent processes and clear-cut criteria for administrative decisions. Furthermore, as Jackson and Rosberg point out: "Public officers cannot be counted on to perform their official duties. While they are instrumentally attached to the offices they occupy and derive great personal and political advantages from them, they are likely to be legally and morally detached from them and therefore from the public interest and from the state. Their moral conduct may well be shaped by the indigenous communities to which they belong—kinship, clan, sectarian, patron-client, or ethnoregional groups—which are still firmly rooted in most countries. When most Africans think of their obligations, they are likely to think first of their communal obligations and only belatedly, if at all, of their civic duties." 6

Abernethy argues that the top civil servants have acquired the characteristics of a "new class" in league with leading politicians. 7 They have a class interest in maintaining relatively high compensation levels for government jobs, in controlling the local prices of food and imported goods, and in perpetuating a system of licenses and quotas that multiplies their opportunities for securing rent. Such observations, with some modifications, could be made also about civil servants in non-African countries. Their behavior almost everywhere reflects a mixture of self-interest, organizational interest, and their desire to act in the national interest.

The capacity of the bureaucracy varies significantly among SSA countries. Even a relatively weak bureaucracy (as in Uganda in the 1980s) demonstrated considerable commitment in undertaking economic reforms during 1981-85, although these reforms fell victim to serious political problems. Dedicated civil servants can be found in most countries, and a country can resuscitate even a severely damaged civil service given the commitment of its political leaders and adequate external aid.

External Actors

Ideally, policy making and policy implementation require that a number of actors at the technical and political levels in different parts of the government consult with each other, arrive at decisions, and then take a series of interrelated actions over a period of time. In addition, given the large role that external finance now plays in many African countries, and given that a great deal of this finance is conditional on policy changes, this demanding process must involve foreign donors and creditors. How these interactions are orchestrated, how participation is secured from affected parties, and how consensus is built will affect not only the quality of the policy package, but also the probability of implementation.
The process involves a number of steps, although the sequence may vary. The first step is for the leaders to give broad directions to the civil servants of the main ministry concerned to design policy options and to spell out their implications, both for the purely economic national objectives (stabilization and structural adjustment) and for key political constituencies. The second step is for these civil servants to interact with other affected ministries, as well as nongovernmental parties, in the course of defining available policy options. The third step is for the cabinet and political party, assisted by key civil servants, to decide which of the options are feasible from the political economy standpoint, as well as from the standpoint of acceptance by key external actors. The fourth step is for key civil servants to negotiate a deal with these external actors and thereby obtain assurance that sufficient aid and debt relief will be forthcoming.

The reality in most sub-Saharan countries is very far from the above stylized picture. By and large, the initiative on policy has been taken not by leaders and bureaucrats, but by international organizations such as the IMF and the World Bank. The core economic agencies have not exhibited a capacity to undertake policy work; instead they have adopted the posture of reacting to policy proposals designed abroad. Internal governmental consultation has left a great deal to be desired and commitment to agreements on policy-based loans has varied a great deal. Note, however, that recent experience with policy reforms in Africa is far from uniform. Although the above generalization applies to many countries, some have displayed considerable self-confidence and policy acumen.

Finally, note also that different reforms are more or less difficult from a political economy perspective. According to Cleaves, the following five characteristics of a policy determine the probability of successful implementation:

- The complexity of the desired change (in terms of technical or organizational innovation) will reduce the chance of success.
- Incremental change reduces the amount of information required and the risk of error, thereby increasing the chance of success, as compared with extra-marginal changes.
- Changes involving many actors are more difficult than those affecting fewer actors.
- Multiple goals or unclear goals of policy change make for difficulty in implementation.
- The longer the planned time frame for implementation, the greater the difficulty of implementation.

A government can reduce political difficulty of managing a particular type of reform by altering the visibility, scope, sequence, and timing of the policy package. This is a very large subject that needs further research. The policy design itself can be a powerful instrument for mobilizing political support for the reform. Negatively affected groups can be compensated (at least partially) by altering the
policy design, and the power of positively affected groups can be enhanced in the early stages of the reform by altering the sequence of measures.

Thus, in assessing the scope and speed of economic reform, decisionmakers in Africa and in international organizations should be concerned with both sides of the political economy equation, namely, the regime’s absorptive capacity for undertaking these reforms and the political difficulty of managing them. It also follows that absorptive capacity can be expanded over time, and that particular reforms can be redesigned with the aim of making them more palatable from a political standpoint.

Our conclusion is that EDI should follow up on the initiative it took in 1986 to explore political economy issues in Africa and elsewhere. This would include

- further workshops involving scholars and practitioners;
- case studies that focus on individual countries or on special topics.

Notes

Annex 1

Rapporteur’s Summary of Proceedings

*Canadian Workshop on*

*The Political Economy of Reform in Africa*

Dalhousie University
November 20-22, 1986
Christopher Chamberlin
Introduction

The discussion in this workshop falls into two parts. The first concerns, as one participant put it, "the prior question" over policy; the second deals with an aspect of its implementation. The Bank's preference was that discussion focus on the latter, that is the politics of reform in Africa. Most participants, however, insisted on a full discussion of the former, that is, the design and effectiveness of Bank supported structural adjustment programs in Africa. In spite of this basic disagreement about the workshop agenda, many useful points were made, in agreement and disagreement, in both parts of the discussion, and sometimes connecting the two parts of the discussion.

The Debate on Adjustment

Although the seminar opened with a Bank presentation on the politics of reform, discussion shifted quickly to definitional questions about the terms "distortion" and "reform." Varying Bank definitions of distortion led one participant to ask that the workshop focus on the adequacy of adjustment, not definitions. That advice was taken by most participants.

A critique of adjustment as a sustainable development strategy then unfolded. Concerning the global economic context for adjustment, several scholars said it was wrong to accept the international context and its unfavorable effects on Africa as a given, to which the Bank said that the constraints of heavy debt, diminished aid flows, declining terms of trade, and low private capital flows were well established trends that would be difficult to alter in the short or medium term.

Scholars singled out Africa's large external debt as a major obstacle to the success of adjustment. The reform measures now being adopted in Africa resulted from the development over time of a debt crisis that had bestowed unprecedented policy leverage on the World Bank and the IMF. The Bank was caught in a squeeze between its debt management objectives and its development goals, with the former now dominant. But Africa's economies could not service this debt and develop at the same time. A substantial reduction of the burden through debt relief would be unavoidable. Bank staff agreed that debt placed an unbearable burden on some African economies and that concessional measures to relieve the debt burden of countries undertaking intensive economic reform were in order. In terms of Bank leverage and the Bank's role in providing advice and guidance to African governments, Bank staff noted the high priority of developing African capabilities to design and implement those reform programs.

Participants questioned the sufficiency of aid flows to make up for external and internal deficits. How many Ghanas could the Bank and the Fund support simultaneously? The Bank replied that concessional aid was a constraint and that many reform programs had been underfunded.
Scholars cited unfavorable trends in Africa's terms of trade as evidence of Africa's basic incapacity to compete on international markets, and maintained that Africa would lose from a prolonged exposure or integration with the global economy. Some participants said that better price incentives were not a solution for many production problems; that peasants had turned away from markets during the crises and had adapted well. Now the Bank was turning to the peasantry for export production, a strategy that would turn sour in the long term.

Bank staff replied that many attempts had been made to stabilize commodity prices, but that none of these proposals had endured. African countries should undertake planned adjustment to unfavorable terms of trade and take steps to recapture their lost share of world commodity markets. Where appropriate they should diversify into new export crops and develop new manufactured exports.

Several scholars emphasized that the poor necessarily suffered the most from Bank/Fund stabilization and adjustment programs. Because of their low level of political influence, the elite close to power would force the poor to shoulder the burdens. The Bank said that the suffering should be attributed to years of economic decline during which effective adjustments were postponed. Some of this suffering would be alleviated by current adjustment measures that involved a transfer of resources from the favored urban elites to the rural poor in the agriculture sector. Other planned adjustment measures could minimize the costs to affected groups.

The critique of adjustment voiced by scholars challenged the notion that the traditional urban elite could themselves be reformed to carry out adjustment over the long term. A return to former practices was inevitable. This was linked to a participant discussion of the nature of the African state and its essential incapacity to intervene efficiently in the market at this time. Effective government intervention was nonetheless required due to various factors, such as the imperfection of the market mechanisms, the vulnerability of African economies to global forces, and inevitable inequities in income distribution. Perhaps the Bank views on state intervention were correct, but for the wrong reasons. A compromise solution would be to reduce state intervention in the economy now, as the Bank was urging, pending a resumption of intervention in the longer term when the state's capacities improved. Bank staff agreed that markets were imperfect, but this had to be balanced against the costs of intervention by an overextended state.

The debate turned to specific case studies, with scholars contending that the track record of adjustment programs was not good. Ghana's liquidity squeeze was singled out as a typical flaw in Bank/Fund reform programs and an indication of theoretical confusion. Zambia's difficulties with putting the foreign exchange auction in place were cited as evidence of a program failure there. Similarly, Côte d'Ivoire's problems with reform had produced strong inequalities and the "marginalization" of some groups. Bank staff replied that Zambia's problems were temporary and the program was back on track. For Ghana, liquidity was an issue, but it did not mean the demise of the program.
Many scholars noted the emerging role of the informal sector within which traditional methods of organization and production were being revived at the local level. The virtue of "going slowly" in pursuit of development was invoked as a guiding principle in such local activities that had emerged during the period of Africa's prolonged economic decline. This new form of self-reliant activity needs to be recognized and supported by the Bank as part of an alternative to current adjustment policies.

The idea that spontaneous local developments outside government control might contain the framework of an alternative development strategy seemed to be underlying much of the critique of adjustment during the workshop. In the last session, one participant elaborated on what steps such an alternative strategy might contain. They would include (a) more local participation in the design and implementation of development programs; (b) long-term development strategies involving the government actively in such areas as selective product-by-product export promotion; (c) an industrial strategy; (d) a revival of the basic human needs approach; and (e) an incomes and incentives policy.

But, asked one Bank staff member, what social forces were present to propel such an alternative forward? Another Bank staff member expressed his doubts that a sweeping solution was at hand, and asked if the best might be the enemy of the good. Some elements of the alternative strategy could be achieved through a realistic exchange rate that in various reform programs had promoted import-saving, labor-intensive activities typical of the informal sector.

The Bank asked for an assessment of the pragmatic focus of its operational work. In the field both African officials and Bank staff were grappling on a pragmatic basis with very difficult problems. One scholar agreed that, if working in such a field context, he too would participate in pragmatic problem solving, but that did not mean adjustment would deliver long-term development. Several participants seconded this skepticism about whether long-term development goals could be achieved under the adjustment policies recommended by the Bank.

The Politics of Adjustment

Bank staff approached the politics of adjustment from several perspectives. First was the assumption that the widespread adoption of adjustment programs in Africa, the apparent initial successes of some of them, and the equity objectives of reform would be the basis for a consensus in the workshop; a consensus on the need to enhance the sustainability of reform in Africa.

Working from that consensus, Bank staff hoped to elicit from the scholars their perspectives on the politics of adjustment, that is, how might the participants help the Bank to better understand the problems involved in the political management of reform? But many scholars expressed their reluctance to address that question because to do so would imply their acceptance of adjustment as a long-term solution
to the African crisis. Nonetheless, the issue was discussed productively at several junctures in response to questions posed by Bank staff.

In the opening Bank presentation, a comparative survey of the reform-oriented countries in sub-Saharan Africa revealed complex, apparently inconsistent patterns of adjustment. Those countries whose economies were most severely mismanaged (distorted) were not clearly associated with the most intense reform programs. Nor were there any clear associations between types of regimes (military, quasimilitary, single-party, multiparty) and the level of mismanagement or intensity of reform. These inconsistencies suggested a number of questions.

How could protracted economic decline and the survival of regimes co-exist for such long periods in Africa? What would be the relative role of various factors, such as ideology, patron-client relationships, and cultural dynamics in encouraging the intervention of African states in the economy? Would the primacy of an ideological factor, for example, indicate a more flexible environment in which reform could be considered? In terms of actual practice, how could the efforts to achieve public expenditure reform or other reforms be presented to build coalitions of support? What would be the appropriate pace, timing, and phasing of adjustment measures so as to gain maximum political support? How much should be done to eliminate "false consciousness" among the people, that is, making them more clearly aware of the difficult choices before them?

One scholar noted a shortage of academic work on the institutional and procedural issues involved in the politics of reform, although much has been written on broad issues such as ideology, ethnicity, and leadership. Another participant pointed to more recent work in comparative political economy from a neomaterialist point of view. This research had moved past dependency theory to such issues as gender, drought, militarization, and energy.

A general discussion of coalition building covered several areas. On the role of organized labor in coalition building, scholars urged the Bank to revise its unfavorable view of labor as "spoiled aristocrats." In some cases, labor had resisted government’s mismanagement and had lost much ground in wages. The Bank insisted that the rural areas contained far more people enduring severe hardship, and that labor in the formal sector was relatively privileged in terms of income.

Several scholars were uncomfortable with the urban/rural dichotomy as the Bank presented it. The wide variability of income within rural and especially urban areas blurred the distinction. While accepting this more complex picture, Bank staff said the generality held true. Rural constituencies were more likely to support economic reforms taking place in Africa today because reforms were aimed at shifting the allocation of resources toward agricultural producers.

The Bank's emphasis on the egalitarian thrust of reform, noted one scholar, was inconsistent with the payment of higher salaries to top civil servants. This might
interfere with coalitions involving the poor. Ethnicity was raised as a well established factor in coalition building, transcending class and rural/urban distinctions in some cases.

Policies, said one scholar, should be the outcome of coalitions, not the reverse. The way in which coalitions were being sought for established adjustment policies showed that the policy was not well grounded and could easily be hijacked by a corrupt urban elite. It was suggested that the political management of reform was not the correct focus—rather coalitions should be formed in support of meeting local needs.

One participant noted that the inherent weaknesses and lack of moral legitimacy of most African governments required the use of force or a material incentive to maintain the regime in power. With the budget having supplied material incentives through patronage, any attempt to reform public expenditure and curtail patronage would thereby raise the level of necessary coercion. Perhaps it was not worth it. The choice of continued patronage as a lesser evil would be preferable to more oppression. This view was challenged by Bank staff who noted the heavy use of repression in countries undertaking no reform program. Another response was that the alternative to coercion and patronage as instruments for obtaining support for the regime was the elevation of living standards and the better delivery of development.

The case of Ghana elicited several perspectives on coalition building. Scholars noted that Mr. Rawlings’ search for a broad coalition of support had been initially successful through popular mobilization and involvement in the development program. But the intensity of this grass roots participation had placed pressures on the government to increase the scope of its intervention in the economy; a sequence that some viewed as inherent in the “democratization of adjustment.” This presented a dilemma, according to one scholar, in which popular participation and support for an economic program could be obtained only if the program took on a “static” character fundamentally inconsistent with the thrust of Bank supported adjustment. Perhaps this meant that only a coercive authoritarian state would be capable of implementing Bank supported reform. Yet, there was a clear political danger in Ghana’s case of proceeding without broad popular support and understanding of the reform program, especially with only a narrow technical elite playing a prominent leadership role.

One potential source of popular motivation would be Ghana’s market women, who if invited to participate in the program, especially in respect to access to finance, could then integrate much of the rural areas through their financial operations over much of the country. The role of Ghana’s relatively new class of large-scale agricultural producers also needed to be examined in terms of coalition building.

There was agreement among scholars knowledgeable about Ghana that the Rawlings coalition present at the outset of his government in 1982 was either
broken up or narrowing, even in government circles. His survival to date could therefore be explained by his relatively ineffective opposition. One scholar phrased the issue differently: Mr. Rawlings had been able to effectively depoliticize Ghana’s public environment, reducing political activities and discourse of all kinds, particularly of the left, to a very low level.

Concluding Observations

The very different views held by scholars and Bank staff on the design and effectiveness of adjustment appeared to converge on several issues as the workshop progressed: (a) foreign assistance flows to Africa were insufficient; (b) Africa’s debt problems required a more concessional approach from creditors and donors; (c) Bank supported adjustment was largely unavoidable, at least in the short term; and (d) the focus of development discourse and action in Africa had shifted dramatically toward the elements of Bank supported reform.

Strong differences of view remained on several basic issues: (a) the demonstrated effectiveness of Bank supported programs of adjustment; (b) the theoretical basis for an export oriented development strategy; (c) the compatibility of poverty alleviation (long-term development) and adjustment; and (d) the viability of an alternative development strategy.

The critique of adjustment, although offered in an academic setting by Canadian and African scholars and not intended as a contribution to the politics of reform, could nonetheless be interpreted as a reflection of dissenting voices and forces found in Africa. To implement adjustment effectively, it could be argued that policies would have to be designed in a way to reach and persuade those Africans holding views similar to those heard in the workshop.

Beyond that indirect contribution to the politics of reform, many scholars offered direct observations that were constrained, however, by a pessimistic view of the development objectives and capabilities of most African states. Adjustment programs were viewed as short-term emergency measures without the necessary long-term impact on the structure of the state and of society. The welfare objectives of the Bank and of some reformers in Africa were not at issue, but the elevation of adjustment to the status of a coherent long-term development strategy clearly was. That point of view, widely held by scholars, shaped their perspective on what type of regime would be most capable of sustaining an adjustment program: authoritarian, minimally integrated in the social/political fabric of the society, and inherently fragile. Those conclusions, although largely derived from assumptions at odds with those of the Bank, suggested that further work on the politics of reform would not be misplaced.
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Annex 2

Rapporteur’s Summary of Proceedings

Washington Workshop on
The Political Economy of Reform in Africa

The World Bank
December 3-5, 1986
Christopher Chamberlin
Introduction

The Washington Workshop on the Political Economy of Reform in Africa was convened at World Bank headquarters with American and African political scientists joining Bank staff for three days of discussion.

A well received presentation by Mr. Jaycox opened the workshop and was discussed in depth by scholars and staff. Mr. Thalwitz closed the workshop with a thoughtful overview of the key issues involved in the politics of reform.

The rest of the workshop was structured around Bank staff presentations of country case studies, including Sudan, Malawi, Senegal, Ghana, Zambia, and Nigeria. Scholars commented favorably on these presentations and used them to help explore comparative reform issues. Although the case studies were organized along topical lines (incentive structure reform, public expenditure reform, and aid and debt), discussion proved to be more general. This summary of proceedings therefore divides the discussion into three categories: (a) the World Bank and the politics of reform; (b) political science and the politics of reform; and (c) conceptual frameworks for the politics of reform. A final section offers some concluding thoughts on further research.

The World Bank and the Politics of Reform

The purpose of the workshop, as explained by the Chair, was to explore the political impact of Bank-supported economic reform programs in Africa. The Bank would shortly conduct a senior policy seminar on this subject with high ranking policymakers from African countries. To help Bank staff better anticipate the seminar discussion, the workshop should attempt to adopt the perspective of an African finance minister who confronts political problems in initiating and sustaining a program of adjustment and reform.

Scholars and Bank staff suggested other dimensions to the Bank's interest in the politics of reform. Political power and economic control are closely linked in African governments. Because the progress of economic reform in Africa is at this point limited and fragile, the programs are vulnerable to diverse political pressures. The Bank needs to expand its awareness of the political dimension to be more helpful, and needs the insights of scholars to understand this political economic process better.

Although Bank staff emphasized that political problems were the responsibility of African governments and citizens, some scholars urged the Bank to adopt a more activist role. Cases of human rights violations, corruption, or authoritarian rule should prompt the Bank to include corrective conditions in its loan agreements with the African states concerned. From a more positive perspective, some scholars urged the Bank to take into account constructive political achievements of governments, such as a resolution of regional conflict that had helped create a stable national environment for development. The charter of the World Bank, Bank staff
noted, explicitly defined the Bank as an economic institution, and the Bank’s political profile would therefore have to remain as low as possible.

How much political involvement could the Bank then allow itself, asked some participants? One scholar questioned whether the Bank wanted to know which political buttons to press or how to push them. Political scientists had produced relevant theoretical work on coalition building, for example, but would the Bank be interested in those findings? The Bank’s technocratic approach, it was noted, would limit the staff’s interest in political issues.

Political Science and the Politics of Reform

Whether political science as a discipline had or could develop theoretical approaches to the politics of reform that would be useful to the Bank and its borrowers was widely discussed. A Bank presentation pointed out the complexity of the comparative experience of reform in Africa. Countries ranked by the intensity and duration of their reform efforts showed little association with the degree of policy distortion with which they were coping. Nor were there any clear country links between political system types and the level of policy distortions or the intensity and duration of reform.

Scholars noted that research in political science was weakest on decision-making theory, the same area that would promise the most useful results in the analysis of the politics of reform. Political science might be better able to explain the failure to undertake reform and less able to explain why or when a country would decide to go forward. Reflecting this weakness in the discipline was a tendency to cite political factors as explanations for the failure to undertake reforms and then use economic arguments to explain reform-directed behavior once it is underway.

Several scholars suggested that an overall formula or theory of the politics of reform in Africa might be elusive, and that for the present a country by country approach using experts with strong field experience might produce more useful results. One scholar proposed that a country-specific micro investigation of actors, groups, and constituencies might yield useful results on political interactions in the reform process, but this would be time consuming and expensive. In their accounts of work in progress, several scholars described research organized on a country basis, including a Ford/Rockefeller funded study on the politics of adjustment in Ghana, Zambia, and Nigeria. Political science, suggested one scholar, was developing a new approach to reform largely derived from the development dialogue between the World Bank and its reform oriented borrowers in Africa.

Conceptual Framework for the Politics of Reform

A basic chronological distinction between the politics of initiating reform and the politics of sustaining reform was introduced and reaffirmed by many scholars. Each of these two phases in the political evolution of reform, they argued, evoked distinctive political patterns and requirements from both government and private
interests. Thus, one scholar proposed that the initiation phase would be more dependent on the education of leaders and officials as to the benefits of reform as they struggled to cope with worsening financial and budgetary constraints. The sustainability phase would depend on the interaction of various interest groups opposing and supporting reform. As discussions of these issues progressed, however, it became apparent that most enabling factors appropriate to initiation would need to be replicated in order to achieve sustainability over the medium and long term. There might be clear differences of degree, but the dynamics of phase I versus phase II or turning point versus implementation would be similar in many ways.

Scholars proposed various other frameworks for organizing the dynamics of the politics of reform. Most approaches seemed to be elaborations of, not competitors with, the initiation/sustainability distinction. One typology divided interest groups into (a) export oriented constituencies, (b) import oriented constituencies, and (c) those indifferent to import/export interests. Each would respond in different ways to key reform messages. Another typology proposed that there were groups of winners who benefitted from reform and groups of losers whose positions in the economy were being eroded by reform. Another approach set out two different categories of countries according to the nature of the political process carrying reform forward: (a) countries in which the politics of reform was defined by crisis, and (b) countries in which reform unfolded under conditions of politics-as-usual. In each category, the political dynamics would be distinctive in terms of leadership, the reform agenda itself, bureaucratic conflict, coalition building, and implementation issues.

Although these frameworks emphasized different organizing ideas, the workshop developed a consensus on the importance of certain actors, groups, and interests likely to play an influential role in most reform situations in Africa. Some scholars emphasized one group or factor as decisive in the reform process, while others saw many different groups, actors, and constituencies interacting politically as each pursued their particular interest in the reform process.

Leadership as practiced corporately by the state or by individuals representing the state was singled out as an important variable in both the initiation and sustainability phases of reform. Scholars were particularly interested in the circumstances under which the leadership would abandon a highly interventionist development strategy and turn to market oriented reform. Some argued that this turning point occurred when the binding constraints of growing budget and trade deficits, declining aid and commercial capital flows, and stagnant or falling rates of economic growth presented the leadership with a hopeless and deteriorating situation. Under such conditions, the initiation of Bank supported reform would be essentially resource driven.
One scholar cautioned, however, that there was no automatic or precise turning point during a country's economic decline when reform would become inescapable. Bad to worse development sequences were in fact common in Africa. How then could the timing of the shift to reform be explained? A Bank staff member proposed that creative, determined leadership inspired by new and compelling ideas would be the key variable in transforming a "soft" state into one firmly committed to reform. This was a question of mustering sufficient political will as had recently occurred in Nigeria.

Several scholars and staff pointed to the role of ideology in directing some African governments toward development strategies. This was the case for many leaders who had resisted reform because they believed strongly that the state should be widely instrumental in the economy to counteract market forces. However, a government might reform its economic policies if its ideological or philosophical views of the state and its role in development came into conflict with years of poor performance. This could be seen in Zambia, for example, where long standing food subsidies designed to aid the poor were in fact not reaching the poorest and were impoverishing small farmers at the same time.

One scholar portrayed the process differently. A leader contemplating reform would not act on ideas alone, but would calculate very carefully how the reform programs would either strengthen or weaken his or her standing with the diverse groups, constituencies, and interests that make up the country's power structure.

While not taking issue with the importance of resource constraints, compelling ideas, ideology, or political interests in propelling leaders to the turning point or sustaining them beyond it, several scholars were convinced that, in some African states, the motive for reform was self-preservation or legitimacy enhancement rather than a strategy to improve the society's welfare. Whereas leadership in some states might adopt reform out of a conviction that it would deliver development more effectively, it was argued that in other states, governments adopted reform programs as an expedient to gain desperately needed concessional resources in the short-term. In these cases, a high level of corruption, misuse of funds, side payments to political allies, deportation of opponents, or a high level of coercion has long been used to assure the state's survival. Reform might be structured to suspend such behavior, but the leadership's character and its strong obligations to support clients through corrupt practices would eventually lead to a resumption of that behavior and the effective end of the reform programs. This called into question how or whether the World Bank should support reform in such states.

Bank staff and management voiced alternative views. They noted that politicians can no longer afford to allow their countries to deteriorate. They must act or lose politically. For the Bank to make once and for all judgments on the ability of a particular state and its leaders to follow through on reform would be unfair to millions of people living in poverty and seeking development progress now. If a government can be persuaded to enhance its legitimacy or seek self-preservation
through a reform program to maximize welfare, then the Bank should provide its support no matter what the government’s past reputation as long as it does not resume past behavior.

The scholars did not maintain that all African states adhered purely to welfare maximization or to corrupt self-preservation in their approach to reform. Most African leaders would certainly consider that their role and purpose is to promote the welfare of their people, while even the most public-spirited leaders in Africa and elsewhere would occasionally be compelled to employ corrupt practices to preserve or enhance their power. Moreover, it would be difficult to assess the outlook of the leadership of the many African states that have only recently turned toward reform.

Scholars and Bank staff distinguished between government leadership and a diverse array of government subgroups that would respond to a reform initiative in different ways. Parastatal managers might welcome reform if new tax revenues or external resources would yield fresh “side payments” to their enterprises. Ministries charged with revenue collection and fiscal balances would respond favorably if a reform package added significantly to available budget resources. Devaluation might be strongly supported by government-owned mining concerns whose exports would be more highly valued in local currency terms. Civil servants might respond negatively to pay scale reform and cutbacks in employment levels, but they might be deterred from opposition if a reform program lessened or removed legal restrictions on their private economic activities. The military might be an important player as well. In Nigeria, the military is perceived as privileged and above reform, but the reform program imposed pay cuts on the military first, thereby establishing a measure of fairness and credibility for the overall program.

Outside the government, private sector constituencies might be influential in the reform effort. The more competitive industrial concerns crippled by shortages of foreign exchange and import restrictions might support trade reform. Export oriented farmers might be direct beneficiaries of devaluation, whereas producers of domestic food crops might respond favorably to pricing and marketing reforms. But measures that encouraged the expansion of the private sector might encounter resistance due to long-standing tensions between government and business. Moreover, the supply response of entrepreneurs might be disappointing in the African context even with well designed incentives in place. One scholar pointed out, however, that the state’s long-standing antipathy toward the private sector would lengthen the lag time between reforms and an entrepreneurial response. Private sector confidence, trust, and political support for the government would not materialize overnight.

Most governments in Africa had developed a long list of private sector clients dependent on the government’s power to allocate resources in the form of foreign exchange, licenses, contracts, and so on. Former government clients deprived of such resources by reform would be expected to oppose the program, such as some traders. But where severe economic decline had drastically reduced the resources
available to government, such client relationships might be weak or inoperative as was the case in Ghana on the eve of reform initiation.

Farmers in Africa were benefiting from a larger reform-driven shift of resources from urban consumers to rural producers. Could once poor and politically inactive rural constituencies coalesce into a pro-reform coalition? There was no precedent in Africa because political power had been urban based. But the rural/urban dichotomy might be overdrawn. Many urban dwellers, including civil servants, maintained economic and social connections in the countryside. Those links could be enhanced through targeted reform measures. Other poorer urban groups, which had been hit hard by budget cutbacks, might be supportive if specially targeted programs provided badly needed assistance. Without such measures, the imposition of budget cutbacks, price increases, and unemployment might cause unbearable strains on the country’s social fabric, leading to labor unrest, urban protest of food prices, and other disturbances.

Cutting across urban/rural distinctions was another potential participant in the politics of reform—ethnic groups. Both Bank staff and scholars noted that economically justified reform measures might disturb a delicate balance of income sharing among rival ethnic groups. Marketing reform, for example, might produce more efficient distribution systems, but if one ethnic group monopolized private trading, political problems for the reform program would likely ensue.

Another factor highlighted by scholars and Bank staff was government attention to education and communication strategies. Whether targeted to specific groups or packaged for wider popular consumption, reform programs would have to be promoted and sold, both to prepare the country for a policy shift toward reform, and to help maintain coalitions of support once their reform program was underway. Governments have used seminars, conferences, speeches by national leaders, meetings, and dialogues to inform and persuade groups over time that a reform initiative is necessary and beneficial. Such efforts need to continue during the sustainability phase, but should be supplemented as soon as possible with evidence of the program’s positive economic results. Given the social, ideological, and political tensions that often accompany adjustment, the need to display concrete achievements can become acute. Popular support for reform would not endure for long if the only justification the government could offer was that the program halted an otherwise inevitable decline. Here too the Bank and the government need to resist the temptation to oversell the program when results would be slow in coming. Governments need to structure both the program and a public communication strategy to emphasize a long-term perspective, an egalitarian outcome for reform, and an equal sharing of program costs.

Conclusions and Observations

The Chair concluded the workshop by noting the lack of a clear theoretical view of the problem among scholars and staff. But as scientists move into the field and
conduct the essential country-based field work, their comparative and theoretical analyses are likely to yield more specific guidance to reformers in Africa and the Bank staff who are working with them.

The politics of reform, however, does not offer the analyst or scholar a balanced empirical record at the present time. In countries where market solutions and export-oriented strategies have been well established for many years and where certain reforms were needed more as a course correction than a complete about-face, it would seem the process of reform has taken on a less tumultuous, more deliberate character in political and economic policy terms. Political scientists would find a relatively strong data base in such cases as the Côte d’Ivoire and Malawi, for example. As for the crisis states where severe economic decline has helped launch politically delicate programs of far reaching fundamental reform, there are less than a handful of countries with several years’ experience in sustained Bank-supported programs (Ghana and Zambia, for example). It is in that category of reform-oriented state that most of the Bank’s borrowers belong. Thus a more comprehensive theory or model of the politics of reform requires observations of crisis-oriented reform in more instances for longer periods of time.
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Annex 3

Key Economic Indicators in Countries Undergoing Intensive Reform

COTE D'IVOIRE

Terms of Trade

Terms of Trade index
(1980 = 100)

Real GDP

Real GDP (US$ in 1980 prices - millions)

Real Consumption

Real Consumption (US$ in 1980 prices)

Real Investment

Real Investment (US$ in 1980 prices - millions)

Years

Real GDP/Consumption (US$ in 1980 prices - millions) (1980 = 100)
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