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Africa's Third Liberation: Transformative Growth and Developmental Governance

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On March 10, 2014, I gave a lecture on this topic to a large audience at the University of Ghana, Legon, sponsored by the Department of Political Science. It was followed by a seminar presentation at the Ghana Center for Democratic Development on March 13 on the related topic of "Development without Democracy in Africa: Confronting the Revisionist Paradigm". The text of the lecture is provided here along with a video of the second talk. They should bring these debates to a wider audience and encourage examinations of the diverse outcomes of Africa's political and economic abertura.

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There has been good news in recent years about Africa that match reports of violent militias, ethnic and religious conflicts, complex humanitarian emergencies, and deaths by drowning of persons fleeing the continent. The new drumbeat about sub-Saharan Africa is the unprecedented growth that has now lasted over a decade in many countries. But there is a darkening cloud. Alarms have been sounded by economists who do not see a pattern of structural transformation into globally competitive economies, the increase in industrialization in manufacturing and agriculture and corresponding employment growth, and a shift in the composition of exports to more value-added products.

Starting from a low-growth equilibrium that persisted for decades, many African countries have moved to a higher equilibrium with access to imported products for a larger percentage of the population, more citizens having disposable incomes and thus providing attractive markets for importers and providers of fast-food and cellphone services. As long as foreign aid inflows are maintained, revenues continue from the export of natural minerals and remittances from overseas Diasporas, a better life could be achieved by more people and affluence by an enlarged elite stratum.

Two lines of criticism have converged, however, regarding the political economy of contemporary Africa. The first is by senior economists, such as Joseph Stiglitz and Justin Yifu Lin, both former World Bank chief economists, and the second by Africa scholars and social scientists associated with the Overseas Development Institute (ODI) in London and other

European research centers. Their core arguments can be summarized

1. The liberalizing and democratizing of much of sub-Saharan Africa since 1989 have resulted in political systems in which competition for political office and access to state resources take place via “competitive clientelism”. The “political settlements” of post-*abertura* Africa involve reconfigurations of power that have yielded a more stable geo-political environment with a handful of democratized polities and a preponderance of electoral or competitive authoritarian systems.
2. Improvements in the macro-economic framework, and the inclusion of more capable technocrats in finance ministries, have yielded governments more adept at dealing with external aid officials and foreign investors. Africa is no longer marginalized from global financial networks as it was a quarter century ago.
3. Still to be adequately explained is Africa's growth spurt which is now of unprecedented duration including surmounting the global economic recession of 2008-2010. Much of this growth is attributable to the global commodity boom linked to the huge demand for raw materials of a rising China. Yet there is more to it than that.² Despite the increase in per capita GDP, what the critics contend is that a different political and economic strategy is needed to achieve structural transformation of these economies that mirror the achievements of East Asian economies.
4. The key recommendation is the adoption of industrial policy strategies in which government plays a directive role in economies, implementing long-term approaches, controlling and managing the allocation of rents especially from foreign aid and mineral exports, and favoring firms that can increase domestic production and capture segments of external markets for new exports.
5. Democracy and good governance practices that include multiparty politics, constitutionalism, civil society advancement, human rights, and the array of enhanced freedoms of expression, assembly, and media, it is claimed, do not necessarily yield better governments and economies and may even detract from the pursuit of these objectives.
6. On the critical issue of the improved delivery of public services and goods, most African people are ill-served. Basic infrastructures of power, transport, and water are deficient.

Health and education systems are often deplorable. The democratized countries have not produced a democratic dividend over their authoritarian counterparts in meeting these needs.

7. Both the development economists and the researchers of ODI's Africa Power and Politics Programme (APPP) identify Rwanda and Ethiopia as alternative models of developmental governance.³ There is ideological reinforcement between the East Asian experience and the performance of these two African countries. China's experiences hover over these debates. Its influence is seen in the model of authoritarian state capitalism, its extraordinary growth and development accomplishments, its non-judgmental attitude towards the internal politics of other countries, and its steady economic expansion in Africa.

8. The development economists show more flexibility, for the large part, regarding the desirable systems that can emerge in Africa. They are aware of the diversity of Asian experiences. The nature of the state is an unavoidable consideration. They hypothesize the emergence of developmentalist or facilitative states that may not replicate the developmental states of Singapore, South Korea, Taiwan, and China. Yet the economists do not grapple adequately with the deficiencies of African states. Some, such as Ha-noon Chang and Mushtaq Khan, argue that Asian economies were characterized by the same prebendalist and sub-optimal practices as contemporary African countries prior to their economic transformation. The APPP researchers are, however, too knowledgeable about government and politics in Africa to advance simplistic proposals regarding their likely transformation.⁴

The Case of Ghana

Where does Ghana fit into this scenario? On March 7, the *Wall Street Journal* published a front-page article on Ghana's mounting economic dilemmas.⁵ It is insightful to note how Ghana's economy is trending towards consumption rather than production. The boom in commercial and private construction is unmatched by advances in the power sector and the transport network. The article quotes President John Mahama concerning the over-reliance on imports." "We've become," he said, "a country that even imports toothpicks."

A power outage in the home of my son, Mark Joseph, who is a Visiting Scholar at the University of Ghana, Legon, prompted the use of matches to light candles. The box of matches showed

that it was manufactured in Sweden. Why in 2014 does Ghana have to import matches from Sweden? Why, after almost six decades of independence, does Ghana have to import wooden matches from Scandinavia which has the most highly industrialized economies and standards of living in the world?

Thirty-six years ago, I published an article entitled "Affluence and Underdevelopment: The Nigerian Experience."⁶ After 18 months as a lecturer in political science at the University of Ibadan, I did not see a salutary growth path. There was a great deal of consumption of imported products paid for by petroleum export revenues. However, I didn't see those rents being invested in building a more productive economy. One of the achievements of the 1975-1979 reformist military regime was the passage of the Indigenization Degree which compelled foreign companies to transfer ownership shares to Nigerians. In retrospect, given the imperatives of a globalizing economy, of enhancing international trade and investments, it turned out to be a well-meaning but misguided policy. Not transferred along with the shares, captured by elites, was the capacity and norms to build growth-enhancing companies.

We know what a mess Nigeria has made of its petroleum wealth, the spendocracy that has emerged, the prebendalist practices that have spread throughout the government and society eroding institutions and behavioral norms.⁷ What model is Ghana following? The revisionists contend that while Ghana has achieved wider political and social freedoms, it is not laying the basis for the accelerated and inclusive growth that enabled South Korea to outstrip it over the past half-century. Instead of going from third world to first world, mirroring Korea and Singapore, Ghana seems to be settling into a 2.5 rut: a better performer than many of its African counterparts but not building a globally competitive economy despite its abundant advantages.

Tim Kelsall in his book, *Business, Politics and the State in Africa*, recognizes that Ghana cannot follow the developmental patrimonial models of Rwanda and Ethiopia.⁸ Yet he and his fellow revisionists do not take sufficiently into account the enormous political good of a constitutional democracy achieved by Ghana and other countries. Some of Kendall's reform suggestions for Ghana are pertinent: reducing the swings of electoral politics on macro-economic strategies by giving more power and authority to independent regulatory agencies such as the Central Bank, and creating non-partisan instruments that sustain long-term policy commitments that transcend political party lines.

These solutions, I contend, are not radical enough. In my paper, "Industrial Policies and

Contemporary Africa”, I cite the important work of Bo Rothstein and his colleagues of The Quality of Government Institute of the University of Gothenberg, Sweden. They draw on not only the 20th century experiences of the East Asian Tigers, but the late 19th century transformation of the Nordic countries from highly prebendalized systems to the productive, inclusive, and uncorrupt political economies of today.⁹

To break the bonds of what he called “supremely corrupt” and low-performing societies, Rothstein proposes a “big bang approach”. Francis Fukuyama also cites the transformation of the highly prebendalized system of pre-revolutionary France, and the transmission to much of Europe of law-based governance by Napoleon while lopping off the heads of the recalcitrant.”¹⁰ I propose a less violent approach but one which must be revolutionary in its impact.”¹¹ I refer to it as a “macro-institutional rupture” using the nearby example of Lagos State of Nigeria in which successive governments led by Governors Bola Tinubu and Babatunde Fashola have succeeded in bringing about fundamental changes, within a democratic framework, that the late Meles Zenawi of Ethiopia, and Paul Kagame of Rwanda, have effected via highly autocratic means.

I suggested that there were four components to this transformation: leadership, institutions, culture, and resources. Moreover, in the second paper in this series, “Inclusive Growth and Developmental Governance”, I advanced the idea of “African workshops of developmental governance”. The notion of “workshops” is adopted from Richard Sklar who applied it to democracy-building in Africa in a seminal 1983 article.”¹² Ghana is today finely balanced between progress, regress, and stasis. It can be shifted onto a different growth path, one characterized by the sustainability, inclusiveness and transformation advocated by development economists.

Ghana has been a leader in Africa at several critical junctures. It was at the forefront of two prior liberations in Africa: from colonial rule in the 1950s, and from authoritarianism and flawed economic strategies a few decades ago. Over the next decade, Ghana can be the site of Africa's Third Liberation, one that will not be based on armed struggle and minority ethnic bases as has been the case in Ethiopia and Rwanda. It will need leaders committed to this vision and equipped with the political and other skills to realize them. It must build appropriate institutions and institutional practices and sharply reduce current corrupt intra- and inter-institutional practices.

One of the great resources of Ghana is its political culture. It has enabled the country to

undergo major transformations with relatively few physical casualties. At a time when a number of African countries, included neighboring ones, have been ripped apart by ethnic and religious conflict, Ghana has achieved an extraordinary degree of social accommodation. It has gone to the brink in the last two national elections as the voting gap between the two leading parties has narrowed, but its people have pulled back from violent conflict. Absent, however, is a culture of developmental capitalism. I addressed this topic in my Kronti ne Akwamu lecture of the Center for Democratic Development on the occasion of the Jubilee celebrations, drawing notably on the writings of Peter Ekeh and Bruce Berman.”¹³

How will the enormous financial resources now available to Ghanaians and others in the continent be used, especially in light of the abundant oil, gas and coal reserves being discovered? Nigerians look back at a half-trillion U.S. dollars in national revenues from petroleum exports and wonder where it all went. Will Ghanaians ask the same question a decade or more from now?

My fourth category, resources, is, in the case of Ghana not a critical concern. Rather, the question is how will these resources be managed? How will the leaders and citizens of Ghana buy into a decade-long transformation agenda? To prepare for this visit and talks in Accra, I reread my January 2007 lecture. Much of what I planned to say now was said then, and without the benefit of the work of the revisionists. Today, I come with a different frame of mind, comparable to the attitudes of 1989-1992 when I participated in Ghana's transition to a constitutional multi-party democracy on behalf of The Carter Center. My contention today is that Ghana 2025, a Ghana characterized by inclusive growth and developmental governance, is achievable, but not without a macro-institutional rupture. How that will be effected will depend on Ghanaians themselves.

I hope to contribute to these endeavors via my writings, both retrospective and prospective. Also needed is a consortium of institutions which, through research, publications, teaching, and policy collaboration, can advance a decade-long transformative process. We do not have full answers to the challenges. Collectively, as in the promotion of the Africa *abertura*, they can be acquired through praxis: theorizing, practicing, and absorbing lessons from practical endeavors to formulate new theoretical approaches. In view of all its advantages, if Ghana cannot play this pioneering role, I do not know which country will lead the way in a democratic Africa.

1. See Akbar Noman et al., *Good Growth and Governance in Africa: Rethinking*

- Development Strategies* (Oxford University Press, 2012); Joseph E. Stiglitz, Justin Yifu Lin, and Ebrahim Patel, *The Industrial Policy Revolution II: Africa in the 21st Century* (Palgrave Macmillan, 2013); David Booth and Diana Cammack, *Governance for Development in Africa: Solving Collective Action Problems* (Zed Press, 2013); and Tim Kelsall, *Business, Politics, and the State in Africa: Challenging the Orthodoxies on Growth and Transformation* (Zed Press, 2013). ↗
2. See Stephen Radelet, *Emerging Africa: How 17 Countries are Leading the Way* (Center for Global Development/Brookings Institution Press, 2010). ↗
 3. See, for example, Nicholas Kulish, "Rwanda Reaches for New Economic Model," *The New York Times*, 24 March 2014. ↗
 4. I have advanced these arguments in two book chapters: "Industrial Policies and Contemporary Africa: The Transition from Prebendal to Developmental Governance", in J. E. Stiglitz et al., *The Industrial Policy Revolution II*, and "Inclusive Growth and Developmental Governance: The Next African Frontiers," in Justin Yifu Lin and Célestin Monga, *Oxford Handbook of Africa and Economics* (Oxford University Press, forthcoming). ↗
 5. Drew Hinshaw, "[Heavenly Forex Intervention Sought](#)", March 6 2014. ↗
 6. *Journal of Modern African Studies*, vol. 16, no. 2 (June 1978). ↗
 7. See Wale Adebaniwi and Ebenezer Obadare, *Democracy and Prebendalism in Nigeria: Critical Interpretations* (Palgrave Macmillan, 2013). My book, *Democracy and Prebendal Politics in Nigeria: The Rise and Fall of the Second Republic* (1987) was reissued by Cambridge University Press in February 2014. ↗
 8. *Development Patrimonialism* is a term coined by the APPP group. See David Booth and Frederick Golooba-Mutebi, "Developmental Patrimonialism? The Case of Rwanda", *African Affairs*, vol. 111, no. 444 (May 2012). ↗
 9. See Bo Rothstein, *The Quality of Government: Corruption, Social Trust, and Inequality in International Perspective* (University of Chicago Press, 2011), and papers published by The Quality of Government Institute, University of Gothenberg: <http://www.qog.pol.gu.se/ > ↗
 10. *The Origins of Political Order: From Prehuman Times to the French Revolution* (Farrar, Strauss and Giroux, 2011). ↗
 11. See "Industrial Policies and Contemporary Africa". ↗
 12. "Democracy in Africa," *African Studies Review*, vol. 26, nos. 3/4 (1983). ↗
 13. "Ghana and Democratic Development in Africa: Back to the Future", Accra, 25 January 2007. *Kronti ne Akwamu* translates as Democracy and Governance. ↗